



COMPAGNIE DE FINANCEMENT FONCIER

**AMENDMENT TO THE 2021 UNIVERSAL
REGISTRATION DOCUMENT**

including the 2022 half-year financial report



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*Abbreviations used in the document:
Thousands of euros: €k
Millions of euros: €m
Billions of euros: €bn*

COMPAGNIE DE FINANCEMENT FONCIER

AMENDMENT TO THE 2021 UNIVERSAL REGISTRATION DOCUMENT

including the 2022 Half-year financial report



This is a free translation into English of Compagnie de Financement Foncier's Amendment to the 2021 Universal registration document issued in the French language and it is available on the website of the Issuer. In case of discrepancy the French version prevails. Only the French version of the document has been submitted to the Autorité des Marchés Financiers (AMF – French Financial Markets Authority). It is therefore the only version that is binding in law.

2021 Universal registration document and annual financial report filed with the AMF on March 23, 2022, under number D. 22-0138.

This Amendment to the 2021 Universal registration document was filed on August 25, 2022 with the *Autorité des Marchés Financiers* (AMF - French Financial Markets Authority), as the competent authority under EU Regulation No.2017/1129, without prior approval in accordance with Article 9 of said Regulation.

The Universal registration document may be used for the purposes of an offer to the public of securities or the admission of securities to trading on a regulated market if supplemented by a securities note and, as appropriate, a summary and any amendments to the Universal registration document. The entire documentation is then approved by the AMF pursuant to regulation (EU) 2017/1129.

PROFILE

A wholly-owned subsidiary of Crédit Foncier [A-(stable)/A1(stable)/A+(negative)/A+(stable)]⁽¹⁾, an affiliate of BPCE [A(stable)/A1(stable)/A+(negative)/A+(stable)]⁽²⁾, Compagnie de Financement Foncier is a credit institution registered as a specialist credit institution and a *société de crédit foncier*, a French legal covered bonds issuer.

Compagnie de Financement Foncier's *obligations foncières*, rated [AAA(stable)/Aaa(stable)/AAA(stable)]⁽³⁾, are French legal covered bonds that comply with European directives UCITS 52-4⁽⁴⁾ and CRD⁽⁵⁾ as well as with Article 129 of the European Capital Requirements Regulation (CRR)⁽⁶⁾. All *obligations foncières* of Compagnie de Financement Foncier are eligible for the European Central Bank (ECB) refinancing operations except for some private placements and issues in foreign currencies.

Since 2012, Compagnie de Financement Foncier is a member of the ECBC (European Covered Bond Council) Covered Bond Label.

Compagnie de Financement Foncier continues to be a major player in its market, with a total obligations foncières outstanding of €52.2bn (including related receivables) as of June 30, 2022 and an issuance volume of €2bn.

Since July 8, 2022, Compagnie de Financement Foncier's new preference issues benefit from the "European Covered Bond (Premium)" label.

€52.2bn

OUTSTANDING OBLIGATIONS FONCIÈRES
(including related payables)

€2bn

ISSUANCE OF OBLIGATIONS FONCIÈRES
(French covered bonds)
at June 30, 2022

Our strategy and our mission

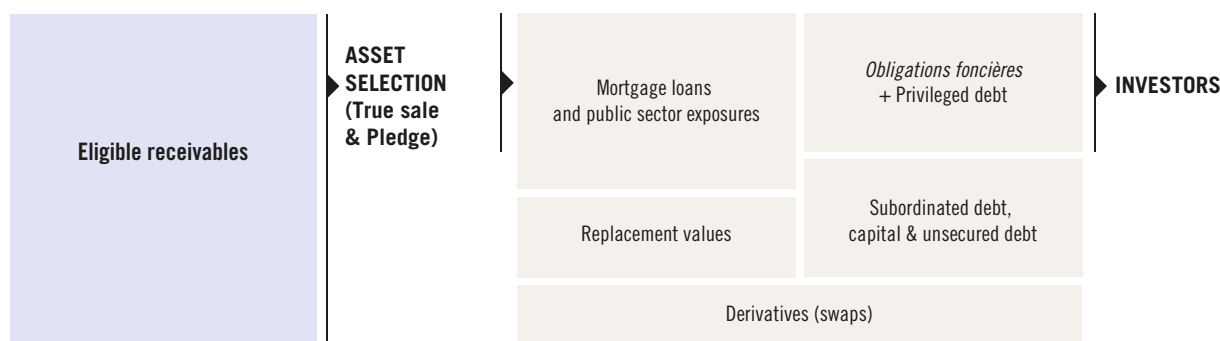
Compagnie de Financement Foncier refinances Groupe BPCE entities' lending under extremely favorable terms, in particular public sector and equivalent financing. It also continues to refinance outstanding loans initially originated by Crédit Foncier.

Compagnie de Financement Foncier is firmly committed to serving Groupe BPCE and has set itself the task of raising resources on the markets at particularly competitive levels, through the issuance of AAA-rated obligations foncières⁽³⁾. The permanent search for quality assets and optimization of the balance sheet structure contribute to successfully fulfilling this mission.

ACTIVITY

Business model of Compagnie de Financement Foncier

Entities of Groupe BPCE



(1) Standard & Poor's/Moody's/Fitch/Scope Ratings, updated as of the filing date of the Amendment to the 2021 Universal registration document.

(2) Standard & Poor's/Moody's/Fitch Ratings, updated as of the filing date of the Amendment to the 2021 Universal registration document.

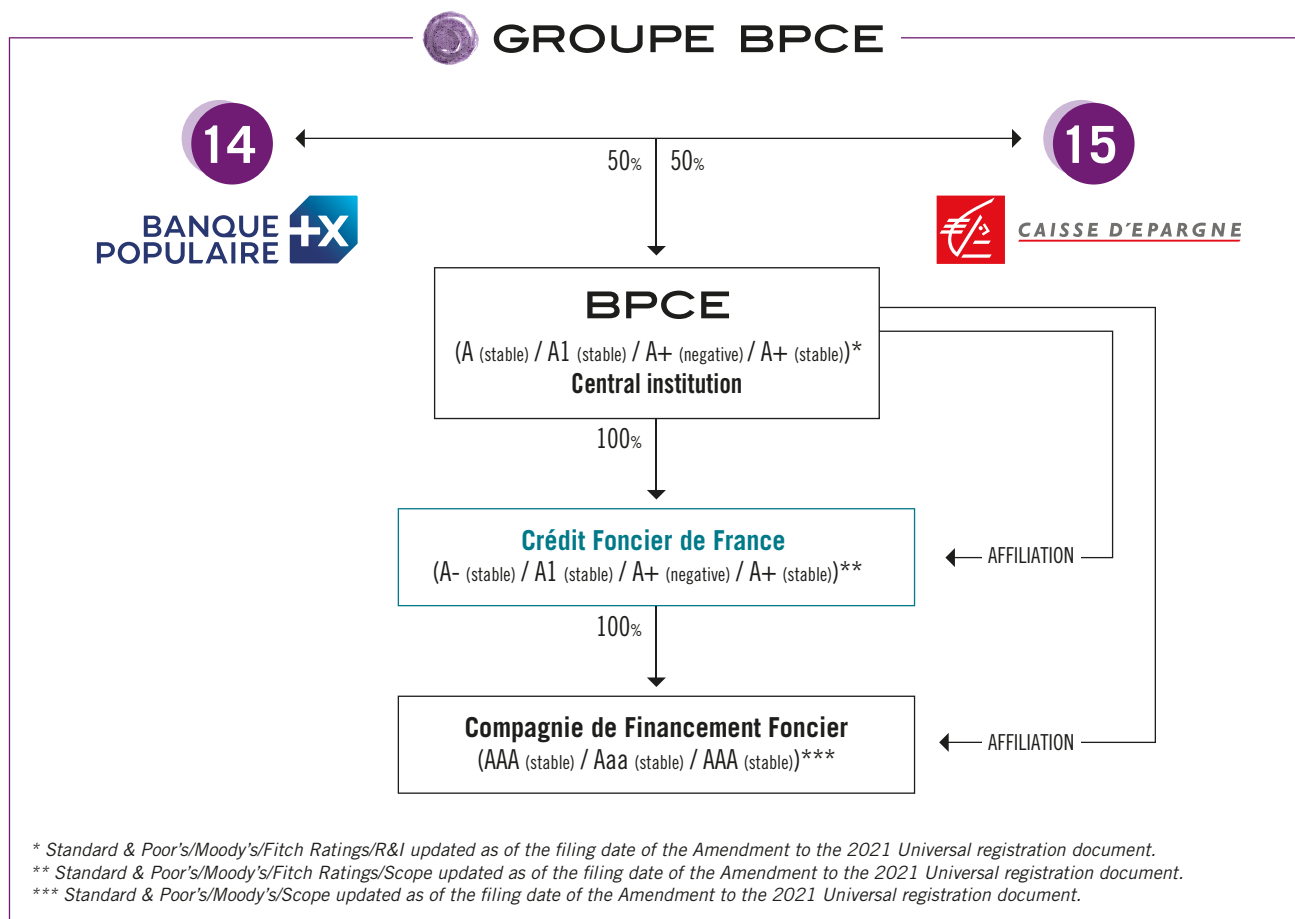
(3) Standard & Poor's/Moody's/Scope Ratings, updated as of the filing date of this Amendment to the 2021 Universal registration document.

(4) UCITS: Undertakings for Collective Investment in Transferable Securities, a directive on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities.

(5) CRD: Capital Requirements Directive.

(6) CRR: Capital Requirements Regulation.

POSITIONING WITHIN GROUPE BPCE



HIGHLIGHTS OF THE FIRST HALF OF 2022

Funding

Compagnie de Financement Foncier issued €1.985bn in the first half-year 2022, in public and private formats.

- In March, completion of a public issue with a 6-year maturity and an amount of €1.25bn: this transaction, carried out on the longest Covered Bond maturity since the beginning of the Ukrainian crisis, once again demonstrates Compagnie de Financement Foncier's ability to issue significant volumes, even in times of crisis and high volatility on the capital markets.
- In April, Compagnie de Financement Foncier made a remarkable return to the Swiss franc market with a CHF issue with a 7-year maturity for an equivalent amount of €255m: the very high granularity of the order book and the wide variety of accounts represented attests to the success of the operation.
- At the first half-year 2022, €480m of private placements issued confirms Compagnie de Financement Foncier's ability to offer innovative and tailor-made investment solutions to its investor clients.

Compagnie de Financement Foncier – supporting Groupe BPCE

€1.5bn, total amount of refinancing granted to Group establishments as regards the liquidity raised in the first half of 2022 by Compagnie de Financement Foncier.

Confirmation of the growing interest of the Group's establishments in the highly competitive resource offered by Compagnie de Financement Foncier to refinance their assets in a context of volatility and a new trend of rising interest rates.

KEY FIGURES

Issuer information

Issuer: Compagnie de Financement Foncier, affiliated with Groupe BPCE

Parent company: Crédit Foncier (100%), a subsidiary of BPCE (100%)

Type of bonds issued: obligations foncières

Issuance programs: EMTN, AMTN & USMTS

Sole service provider:

Crédit Foncier [A-(stable)/A1(stable)/A+(negative)/A+(stable)] ⁽¹⁾

A subsidiary of BPCE [A(stable)/A1(stable)/A+(negative)/A+(stable)] ⁽²⁾

RATINGS OF OBLIGATIONS FONCIÈRES

	Standard & Poor's	Moody's	Scope
Note long terme	AAA	Aaa	AAA
Perspective	Stable	Stable	Stable

Simplified economic balance sheet

	06/30/2022		12/31/2021		12/31/2020	
	€bn	%	€bn	%	€bn	%
ASSETS (by type of exposures)						
Mortgage loans and equivalent	29.0	47.9	31.5	49.2	36.0	52.7
Public sector exposures	26.1	43.1	25.0	39.1	24.7	36.1
French public sector*	19.2	31.7	17.9	28.0	17.6	25.7
Foreign public sector	6.9	11.4	7.1	11.1	7.1	10.4
Replacement values and other assets	5.4	8.9	7.5	11.7	7.7	11.2
Replacement values	4.6	7.6	6.6	10.3	6.6	9.6
Other assets	0.8	1.3	0.9	1.4	1.1	1.6
TOTAL ASSETS	60.5	100.0	63.9	100.0	68.5	100.0

* Including deposits and short-term loans at Banque de France of €1.050bn as at June 30, 2022, €0.7bn at the end of 2021, and €1.3bn at the end of 2020.

	06/30/2022		12/31/2021		12/31/2020	
	€bn	%	€bn	%	€bn	%
LIABILITIES						
Privileged resources	52.2	86.3	53.5	83.7	56.4	82.3
Obligations foncières	52.2	86.3	53.7	84.0	56.4	82.3
Foreign exchange difference on covered bonds	0.0	0.0	-0.2	-0.3	-0.1	-0.1
Other privileged resources	0.0	0.0	0.0	0.0	0.1	0.1
Translation difference associated with hedging balance sheet items	1.0	1.7	0.9	1.4	0.8	1.2
Non-privileged resources	7.3	12.1	9.5	14.9	11.3	16.5
Unsecured debt	5.2	8.6	6.2	9.7	6.0	8.8
Subordinated debt or equivalent	0.1	0.2	0.1	0.2	2.1	3.0
Shareholders' equity and reserve for general banking risks	2.0	3.3	3.2	5.0	3.2	4.7
TOTAL LIABILITIES	60.5	100.0	63.9	100.0	68.5	100.0
Regulatory capital according to CRR/CRD IV	2.0	3.3	3.1	4.9	3.1	4.5

(1) Standard & Poor's/Moody's/Fitch/Scope Ratings, updated as of the filing date of the Amendment to the 2021 Universal registration document.

(2) Standard & Poor's/Moody's/Fitch Ratings/R&I, updated as of the filing date of the Amendment to the 2021 Universal registration document.

Breakdown of assets

BY TYPE OF ASSETS

JUNE 30, 2022

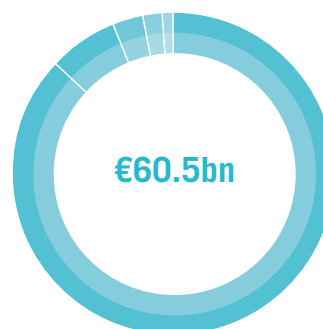


€60.5bn

- 48%** Mortgage loans and equivalent
- 43%** Public sector exposures
- 8%** Replacement values
- 1%** Other assets

BY REGION

JUNE 30, 2022



€60.5bn

- 88%** France
- 7%** European Union (Excluding France)
- 3%** North America
- 2%** Switzerland
- 1%** Japan

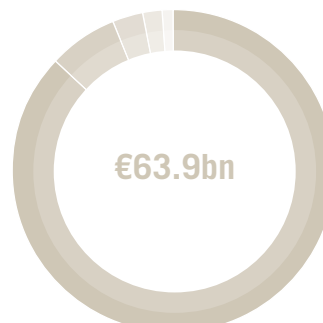
DECEMBER 31, 2021



€63.9bn

- 49%** Mortgage loans and related items
- 39%** Public sector exposures
- 11%** Replacement values
- 1%** Other assets

DECEMBER 31, 2021



€63.9bn

- 88%** France
- 7%** European Union (excluding France)
- 3%** North America
- 2%** Switzerland
- 1%** Japan

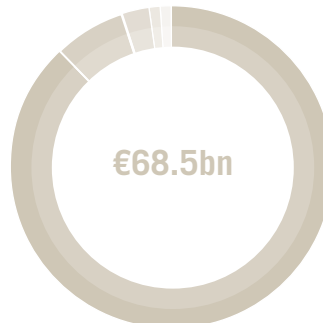
DECEMBER 31, 2020



€68.5bn

- 53%** Mortgage loans and related items
- 36%** Public sector exposures
- 10%** Replacement values
- 2%** Other assets

DECEMBER 31, 2020



€68.5bn

- 88%** France
- 7%** European Union (excluding France)
- 3%** North America
- 1%** Japan
- 1%** Switzerland

Breakdown of issuances

BY TYPE OF INVESTOR

JUNE 30, 2022



€2bn

- 46% Central Banks & Official Institutions
- 29% Banks
- 17% Asset Managers
- 6% Insurance companies & Pension funds
- 3% Other

BY REGION

JUNE 30, 2022*



- 28% Switzerland
- 24% Germany/Austria
- 17% Asia excluding Japan
- 10% France
- 9% Benelux
- 8% Scandinavia
- 3% UK/Ireland
- 1% Southern Europe
- 1% Other

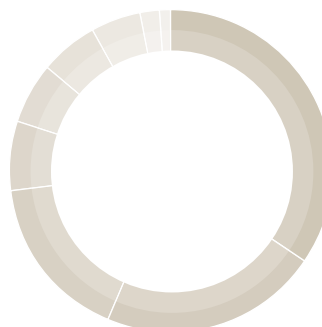
DECEMBER 31, 2021



€4.8bn

- 37% Banks
- 32% Central Banks
- 25% Asset Manager
- 5% Insurance companies & Pension fu
- 2% Other

DECEMBER 31, 2021*



- 45% Germany/Austria
- 11% Benelux
- 11% Scandinavia
- 10% UK/Ireland
- 9% Switzerland
- 5% France
- 5% Asia excluding Japan
- 3% Southern Europe
- 1% Europe Other
- 0% Middle East

DECEMBER 31, 2020



€3bn

- 51% Banks
- 28% Asset managers
- 17% Insurance companies & Pension fu
- 3% Central Banks
- 1% Other

DECEMBER 31, 2020*



- 35% Germany/Austria
- 22% United Kingdom
- 17% Nordic countries
- 7% Benelux
- 6% France
- 6% Switzerland
- 5% Southern Europe
- 2% Asia
- 1% Other

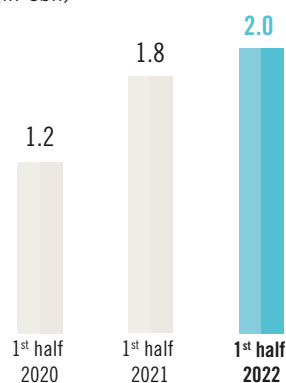
* Outside of the Eurosystem.

Performance indicators

ACTIVITY

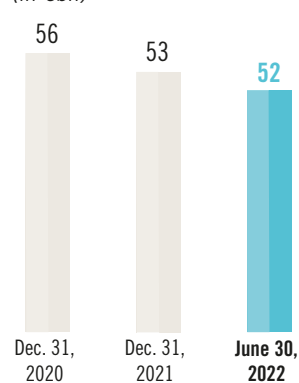
OBLIGATIONS FONCIÈRES ISSUES

(in €bn)



PRIVILEGED LIABILITIES

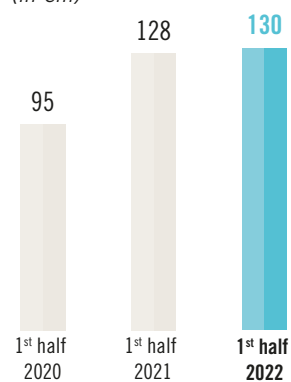
(in €bn)



INCOME

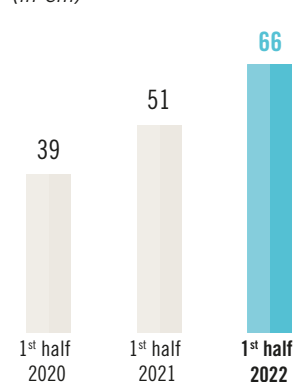
NET BANKING INCOME

(in €m)



NET INCOME

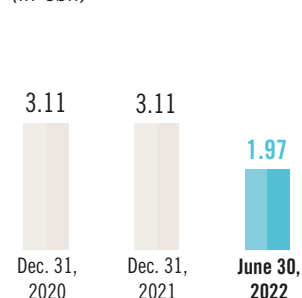
(in €m)



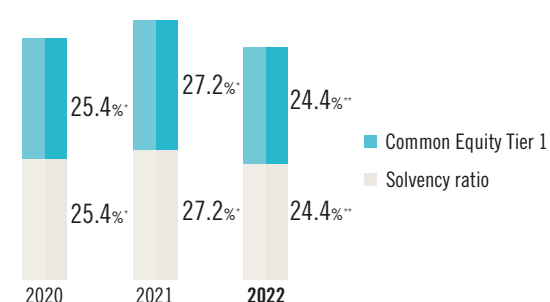
FINANCIAL STRUCTURE

REGULATORY CAPITAL

(in €bn)



CAPITAL ADEQUACY RATIOS



Ratio de solvabilité = Common Equity Tier1

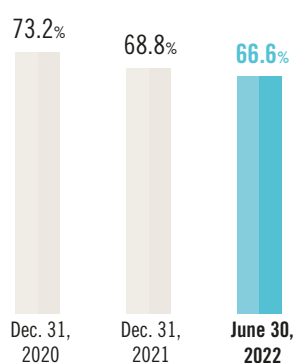
* Basel III Standardized Approach.

** In application of Regulation CRR, it was decided that the transparency method would no longer be applied to L. 211-38 intra-group assignments as of April 6, 2022.

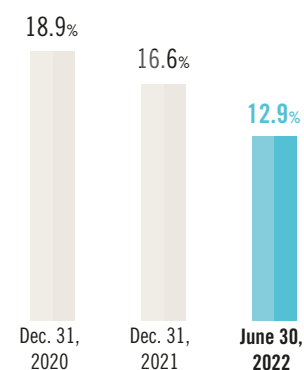
KEY FIGURES

SOCIÉTÉ DE CREDIT FONCIER'S SPECIFIC RATIOS

AVERAGE LTV OF MORTGAGE LOANS FOR INDIVIDUALS

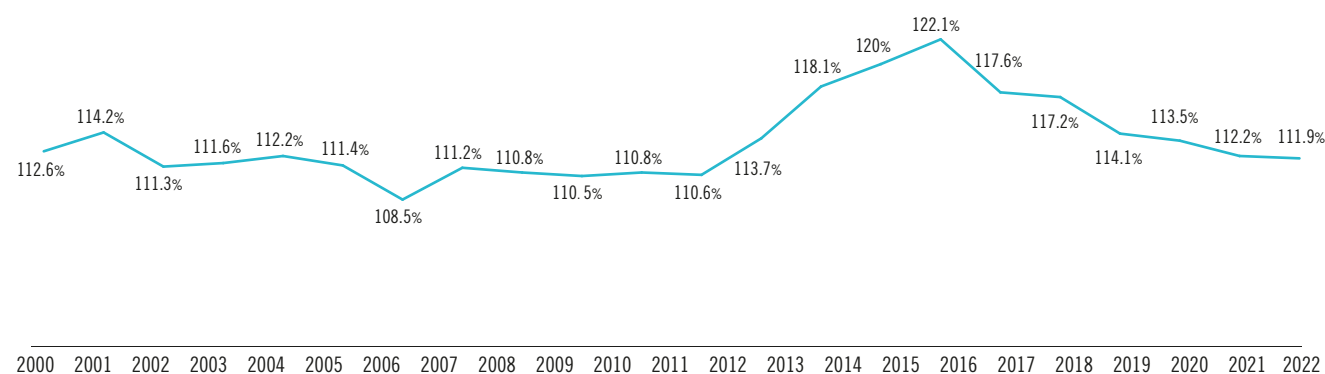


NON-PRIVILEGED RESOURCES/PRIVILEGED RESOURCES RATIO



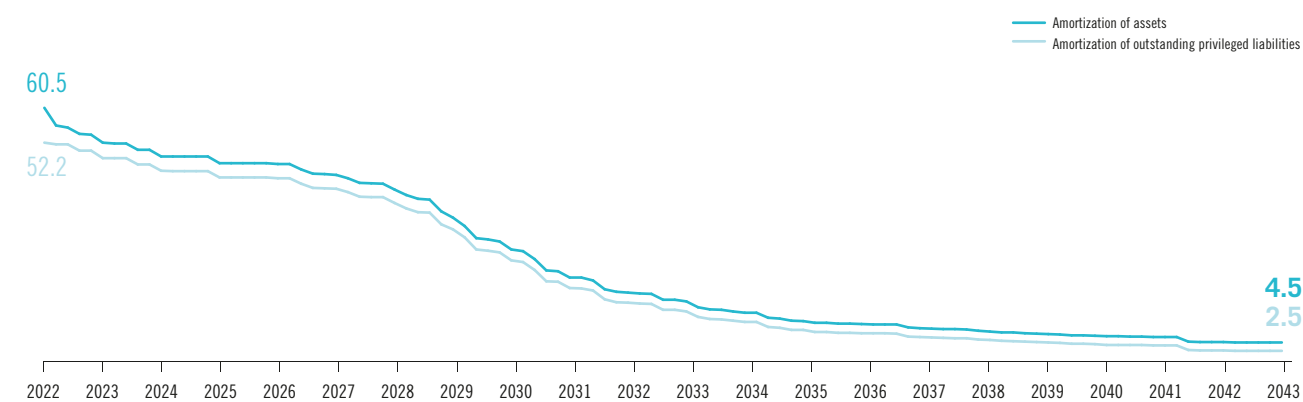
REGULATORY OVERCOLLATERALIZATION RATIO

(in %)



AMORTIZATION OF ASSETS AND PRIVILEGED LIABILITIES

(in €bn)





1

PRESENTATION OF COMPAGNIE DE FINANCEMENT FONCIER

COVERED BONDS: LEGAL AND REGULATORY FRAMEWORK	10	FINANCIAL TRANSACTIONS	23
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COVERED BONDS: LEGAL AND REGULATORY FRAMEWORK

The European regulatory framework regarding covered bonds has been constantly undergoing changes and this has translated into the European and national legislative frameworks. At the European level, three texts constitute this foundation: the UCITS directive, the Covered Bonds directive and the CRR regulation. These European texts are transposed into French law in the French Monetary and Financial Code (CMF) and Regulation CRBF 99-10.

The most recent text, the Covered Bonds directive of November 27, 2019 (directive (EU) 2019/2162), was transposed into French law by the publication in the Official Journal, on July 1, 2021 of order No. 2021-858, and on July 7, 2021, of decree No. 2021-898, for entry into force on July 8, 2022.

Covered bonds

Covered bonds are bonds backed by an asset cover pool. Cash flows deriving from these assets enable bondholders to be repaid, in priority over all other creditors.

In the European Union, UCITS and other regulated investors may hold up to 25% of their assets in securities of the same covered bond issuer, provided that said covered bonds comply with the characteristics set out by the Article 52 (4) of the European UCITS directive (2009/65/EC amended):

- the issuer must be a credit institution having its registered office in a European Union Member State and subject to a specific and legal supervision;
- the bondholder must have a preferential claim on cash flows deriving from underlying assets, in the event of the issuer's default, over all other creditors. The upper limit for exposure to this type of asset can be raised to 25%.

The compliance of covered bond issuers with Article 52 (4) of the UCITS directive has enabled asset cover pool controls and their banking supervision to be standardized.

The directive reiterates the principle of two levels of quality for covered bonds, sanctioned by two labels: "European Covered Bond" and "European Covered Bond (Premium)" which are validated by the ACPR (whose control is partly delegated to the Specific Controller).

Obtaining the "European Covered Bond" label requires compliance only with the eligibility rules of post-transposition French law. In addition, obtaining the "European Covered Bond (Premium)" label requires strict compliance with the eligibility criteria set out in Article 129 of the CRR Regulation.

The ACPR confirmed on July 8, 2022 that the new privileged issues of Compagnie de Financement Foncier benefit from the "European Covered Bond (Premium)" label.

The second European text, the Covered Bonds directive of November 27, 2019, contributes to improving the harmonization and secure management of covered bonds in Europe. It creates a label of superior quality.

The third European text that regulates covered bonds is the CRR regulation on regulatory capital adequacy. It offers covered bond holders, and in particular European banks and insurance companies, a favorable regulatory framework as the covered bonds obtaining the best rating and/or whose assets meet certain quality criteria benefit from an advantageous risk weighting for their holders.

The main feature of covered bonds is the specific mechanism established to protect bondholders. In fact, they benefit from the repayment privilege on the underlying assets in the event of default by the issuer, in preference to all other creditors. To ensure a sufficient level of quality, said assets are strictly defined in the appropriate legislation (mainly real estate with first rank or equivalent guarantee and claims on central or regional governments, or local authorities).

Finally, the Liquidity Coverage Ratio (LCR) regulation enables investors to include the covered bonds in directive (EU) 2019/2162 in their liquidity reserves providing they comply with certain criteria. The main eligibility criteria for covered bonds at each liquidity reserve level are as follows:

Eligibility criteria	Level 2A		
	Level 1	EU member issuer	Level 2B*
Compliance with Article 52 (4) of the UCITS directive or with Article 129 of the CRR			
Minimum rating or, in case of no available rating, risk weighting in accordance with the CRR	AA- or 10%	A- or 20%	NA
Minimum issuance amount	€500m	€250m	€250m
Minimum overcollateralization ratio to be respected	2%	7% or 2% if rated ≥ AA-	10% and monthly disclosure
Disclosure of the information below, in compliance with the transparency requirement of Article 14 of directive (EU) 2019/2162:	Quarterly	Quarterly	Quarterly
Discount applied to the value	7%	15%	30%

* For level 2B, the cover pool portfolio must consist of residential property and exposures on public entities with an individual risk weighting below or equal to 35%.

Within the context of the Covered Bond Label reporting of the European Covered Bond Council - ECBC, Compagnie de Financement Foncier publishes the transparency information required on its website (www.foncier.fr) on a quarterly basis.

The European Covered Bond Council (ECBC), an association representing mainly issuers whose members account for over 95% of outstanding covered bonds, established the Covered Bond Label in 2012. The Council is self-governed with representation from French issuers. For investors, regulators and the key market players, this quality label provides access to relevant, consistent and transparent information for 120 issuers in 30 jurisdictions.

For issuers, the label requires compliance with Articles 52 (4) of the UCITS directive, 129 of the CRR and 14(2) of the Covered Bond directive which involve the enhanced transparency of the information reported. Information for investors is subject to specific ECBC reporting with a standardized common section and a section that is specific to the particular nature of the covered bond market in each of the label's Member States.

Compagnie de Financement Foncier complies with all the label's requirements, and has once again renewed its membership. All information and reports are available on the website www.coveredbondlabel.com.

A French covered bond model: *obligations foncières* or *garantées*

THE BASICS OF *OBLIGATIONS FONCIÈRES* OR *GUARANTEES*

FRENCH LAW AND COMPLIANCE WITH EUROPEAN REGULATIONS

In 1999, the French government passed legislation on the modernization of the *obligations foncières* framework. This law provides the French financial markets with a category of bond instruments, which are competitive and uniform in terms of risks and liquidity, controlled by the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR – French Prudential Supervisory and Resolution Authority) ⁽¹⁾ and by a Specific Controller. Until then, the legislation of 1852 on *sociétés de crédit foncier* allowed only Crédit Foncier de France or Crédit Foncier de France et Communal d'Alsace et de Lorraine to issue *obligations foncières*.

Since 1999, *sociétés de crédit foncier's* business activities have been governed by the French Monetary and Financial Code (CMF) which codified the provisions of the aforementioned law of 1999. As of July 8, 2022, the articles of the CMF amended by Order No. 2021-858 of July 1, 2021 and Decree No. 2021-898 of July 6, 2021 will apply.

French law is the transposition of the European UCITS and CRR texts governing covered bonds:

- *sociétés de crédit foncier* are credit institutions having their registered office in a Member State of the European Union, France. They are legally subject to specific supervision protecting the holders of those bonds via a Specific Controller, whose appointment is approved by the ACPR;
- bondholders of *obligations foncières* are protected by a pool of underlying assets (whose eligibility criteria are defined by law) over which they have priority recourse in the event of the issuer's default: this is the legal privilege granted holders of covered or guaranteed bonds (Art. L. 513-11, CMF).

The French legal framework also imposes additional requirements in terms of liquidity and reporting.

1) Independent administrative authority in charge of the supervision of financial institutions. For more details, see the paragraph on the French Prudential Supervisory and Resolution Authority: "Supervisory bodies" on page 15.

SOCIÉTÉS DE CRÉDIT FONCIER

Sociétés de crédit foncier are credit institutions whose sole purpose is defined in Article L. 513-2 of the French Monetary and Financial Code: granting or acquiring secured loans *i.e.* loans that are backed by first-rank mortgages or real property collateral conferring at least an equivalent guarantee, or exposures to public entities, and financing them by issuing *obligations foncières*. The business activities of a *société de crédit foncier* are restricted by law: they are not allowed to hold equity interests or share portfolios.

Obligations foncières, which finance eligible assets, are covered bonds that have a legal privilege that confers to their holders a preferential claim on cash flows deriving from the underlying assets.

The eligibility criteria for the assets of *sociétés de crédit foncier* after July 8, 2022 are defined by Articles L. 513-3 to L. 513-7 of the French Monetary and Financial Code (CMF). The following assets are eligible:

- home loans guaranteed by:
 - a first-ranking mortgage or by a guarantee at least equivalent (European Union - EU or European Economic Area - EEA), or
 - by an eligible guarantee institution covered by the second credit quality step, at least;
- exposures on public entities or guarantees by public entities belonging to Member States of the EU, such as loans or off-balance sheet commitments. Eligible public entities are Member States, central governments, central banks, public institutions, local authorities or their associations. Excluding public-sector entities located in the EU, these exposures are eligible if the public-sector entities benefit from the highest credit quality step established by an external credit assessment body recognized by the ACPR in accordance with Article L. 511-445 (or the second credit rating step up to a limit of 20% of the nominal amount of the obligations *foncières*);
- exposures to credit institutions (capped at 10% of the pledge of the nominal amount of privileged resources for institutions benefiting from the second-best credit rating step established by an external credit assessment body recognized by the French Prudential Supervisory and Resolution Authority pursuant to the provisions of Article L. 511-44 of the French Monetary and Financial Code), represented by securities, exposures and sufficiently safe and liquid deposits (Article R. 513-6 CMF).

As of July 8, 2022, the asset eligibility criteria will be subject to some minor changes in order to strengthen the quality of cover pools, introducing debt-to-income ratio limits on guaranteed loans, and credit quality limits on non-EU public sector assets.

INVESTOR PROTECTION

LEGAL PRIVILEGE OF HOLDERS OF OBLIGATIONS FONCIÈRES

According to Article L. 513-11 of the CMF, which defines the legal privilege on cash flows from assets and the terms of the guarantee that it provides, the assets held by a *société de crédit foncier* allow the priority repayment of privileged debt, *i.e.* *obligations foncières*. The legal privilege is the fundamental principle of legal security for *obligations foncières*' holders. It remains valid even if the *société de crédit foncier* or its parent company goes bankrupt, goes into receivership or enters resolution proceedings.

It thus affords investors the maximum protection. Privileged debts are paid on their contractual due date, in priority to all other debts, for both their interest and principal payments, until they have been fully repaid, under all circumstances.

The bondholders of *obligations foncières* are also protected by the following legal and regulatory frameworks:

OVERCOLLATERALIZATION

The total amount of the *société de crédit foncier*'s assets must be higher than the amount of their liabilities benefiting from the privilege. Article R. 513-8 of the CMF sets the minimum legal overcollateralization ratio at 105%.

It should be noted that non-collateralized exposures in the group may not exceed 25% of non-privileged resources. One of the Specific Controller's duties is to monitor compliance with this overcollateralization rule.

The regulatory overcollateralization ratio of Compagnie de Financement Foncier has always been above 108% since its establishment in 1999.

ASSET/LIABILITY MATCHING IN MATURITY AND INTEREST RATES

Article 12 of CRBF (French Banking and Financial Regulation Committee) Regulation No. 99-10 requires that matching of maturity and interest rates of assets and liabilities has to be respected in *sociétés de crédit foncier*'s balance sheet management. It is subject to very close scrutiny by the Specific Controller, who instructs the executives and the ACPR if he or she determines that the matching of interest rates and maturity could create excessive risks for privileged creditors (Decree of February 23, 2011). The Decree of May 26, 2014 established a maximum average duration gap of 18 months between assets and liabilities.

The average maturity for assets held to maintain a cover ratio of 105% and dealt with in all transparency in the case of collateralized assets (such as mortgage notes or collateralized loans pursuant to Article L. 211-38 of the CMF) may not exceed the average maturity of privileged liabilities by more than 18 months.

The Decree of May 26, 2014, also requires *sociétés de crédit foncier* to prepare an estimate, based on a yearly plan approved by the decision-making body and submitted to the ACPR, of the privileged resources' cover ratio up to their maturity, considering the available eligible assets and the forecast new production based on conservative assumptions.

180-DAY LIQUIDITY BUFFER

At all times, *sociétés de crédit foncier* must ensure that all cash requirements are covered for a period of 180 days.

In accordance with Article R. 513-7 of the CMF, *sociétés de crédit foncier* must at all times cover all their cash requirements for the next 180 days. To do this, they can use:

1° Level 1, 2A or 2B liquid assets as defined in Articles 10, 11 and 12 of Delegated Regulation (EU) 2015/61 of October 10, 2014, which are valued in accordance with this regulation and which are not issued by the *société de crédit foncier*, or by its parent company;

2° Short-term exposures to credit institutions, if they benefit from the best or second best credit quality step established by an external credit assessment body recognized by the French Prudential Supervisory and Resolution Authority in accordance with Article L. 511-44, or short-term deposits with credit institutions benefiting from the highest credit quality step, second-best or third-best credit quality step established by a recognized external credit assessment body by the French Prudential Supervision and Resolution Authority in accordance with Article L. 511-44.

NON-EXTENSION OF THE PARENT'S INSOLVENCY TO ITS SOCIÉTÉ DE CRÉDIT FONCIER SUBSIDIARY

Under French law, a *société de crédit foncier* has a specific legal framework guaranteeing that the holders of *obligations foncières* receive favorable treatment under normal management conditions and in the event of insolvency proceedings being initiated against its parent.

The cash flows derived from a *société de crédit foncier's* assets are, under all circumstances, used to repay privileged debt. In addition, in the event of default of its parent, the *société de crédit foncier* and the holders of *obligations foncières* are fully protected by virtue of this non-extension rule.

If a French company is subject to insolvency proceedings, there will be no vacuum in authority at its level, as a legal receiver is appointed to ensure the continuity of management.

As a separate legal entity, a *société de crédit foncier's* subsidiary is not affected by the insolvency of its parent, the management of a *société de crédit foncier* is conducted *in bonis*, i.e. under normal management conditions, by its own managers.

If the parent is subject to preservation, insolvency or resolution proceedings, the *société de crédit foncier* may terminate its service and receivable management contracts if it determines this course to be appropriate. The *société de crédit foncier* may therefore change its service provider at any time to ensure the continued management of its assets and liabilities.

Under Article R. 513-4 of the CMF, the *société de crédit foncier* must identify the personnel and resources needed to collect debts and enforce the agreements signed. Procedures for transferring all the technical resources and data needed to perform recovery actions must also be included in the preventive recovery plan.

IMMUNITY OF OBLIGATIONS FONCIÈRES HOLDERS

In the event of insolvency proceedings being initiated against a *société de crédit foncier*, holders of *obligations foncières* are entirely protected by the following procedures:

REPAYMENT SCHEDULE OF PRIVILEGED DEBT IS MAINTAINED

The liquidation of a *société de crédit foncier* does not render payable the *obligations foncières* or other debts benefiting from this privilege. They are repaid on their contractual due dates and take precedence over all other debts (Article L. 513-11-2 of the CMF).

All other creditors (including the French State) are not paid until all *obligations foncières* holders' claims have been satisfied, as set out in the initial schedule. In contrast with the general law that transactions made when companies are in financial difficulty may be invalidated, *sociétés de crédit foncier's* asset transfers made prior to a declaration of insolvency remain valid.

MANAGEMENT CONTINUITY IN CASE OF INSOLVENCY OF THE SOCIÉTÉ DE CRÉDIT FONCIER

Article L. 612-34 of the CMF provides that, depending on the situation, a provisional administrator, appointed by the ACPR, may oversee or advise managers, or be given full powers. The administrator has the same latitude to manage the balance sheet as when the company is *in bonis*, including:

- disposals of assets;
- assignment of receivables;
- issuing new *obligations foncières*;
- issuing non-privileged liabilities.

A *société de crédit foncier* continues its business according to the same rules, under all circumstances.

Thus, a *société de crédit foncier* carries out its business under normal management conditions because the provisional administrator has the same duties as the managers had previously. All activities are carried on to ensure the Company is well managed, and all privileged debts are repaid in compliance with existing commitments.

In the event of insolvency of a *société de crédit foncier*, the Specific Controller, as set out in Article L. 513-24 of the French Monetary and Financial Code (CMF), must file claim statements with the court-appointed administrator on behalf of privileged creditors.

The Specific Controller continues to inform and notify the French Prudential Supervisory and Resolution Authority (ACPR), just as he or she must do when the *société de crédit foncier* is operating normally.

RESOLUTION

The European regulation establishing a framework for the recovery and resolution of credit institutions and investment firms and the texts transposing these rules into French law (the "BRRD" regulation) aim in particular at setting up a single resolution mechanism giving the resolution authorities the power to "internally bail out" in order to combat the systemic risks attached to the financial system and, in particular, to avoid government financial intervention in the event of crisis. This power allows these authorities, in the event that a financial institution or the group to which it belongs subject to BRRD becomes or is close to defaulting, to write down, cancel or convert into shares, the eligible securities and liabilities of that financial institution. In addition to the possibility of using this "internal bail-in" mechanism, the BRRD grants resolution authorities more extensive powers.

Note, however, that covered bonds, such as Compagnie de Financement Foncier's secured bonds, enjoy a special legal regime under which, due to the special legal privilege granted to the holders of obligations foncières by Article L. 513-11 CMF, they are excluded from any transactions related to a court-supervised safeguarding procedure, bankruptcy proceeding or liquidation or resolution measures as provided for in Article L. 613-49 CMF brought against a société de crédit foncier. Article 44 of directive No. 2014/59 of the EU, as amended (the "BRRD"), transposed in the CMF in Article L. 613-55-1, in addition, explicitly states that the assets of the cover pool of a covered bond issuer are excluded from the scope of application of the bail-in.

AFFILIATION TO A CENTRAL INSTITUTION

French cooperative banking groups have a central institution and some of their subsidiaries may use a specific guarantee scheme: the affiliation scheme (Articles L. 512-106 to L. 512-108 of the CMF), a system that requires the central institution to guarantee the liquidity and solvency of the affiliates.

All institutions affiliated with the central institution of Groupe BPCE – including Compagnie de Financement Foncier – benefit from a guarantee and solidarity system which, in accordance with Articles L. 511-31 and L. 512.107-6 of the French Monetary and Financial Code, is designed to guarantee the liquidity and solvency of all the affiliated institutions and to organize financial solidarity within the Group. This financial solidarity is based on legislative provisions establishing a legal principle of solidarity requiring the central institution to restore the liquidity or solvency of affiliates in difficulty, and/or of all of the Group's affiliates. By virtue of the unlimited nature of the principle of solidarity, BPCE is entitled, at any time, to ask any one or more or all of the affiliates to contribute to the financial efforts that may be necessary to restore the situation, and may, if necessary, use all the cash and equity capital of the affiliates in the event of difficulty for one or more of them.

Thus, in the event of difficulties for Compagnie de Financement Foncier, BPCE must do everything necessary to restore Compagnie de Financement Foncier's situation and may, in particular, implement the internal solidarity mechanism that it set up in (i), initially using its own funds in respect of its duty as a shareholder; (ii) if this is not sufficient, BPCE could call on the mutual guarantee fund created by BPCE, with a total of €344.8m in assets contributed equally by the Banque Populaire and Caisse d'Épargne networks at December 31, 2021, which is required to grow through annual contributions (subject to the amounts that would be used in the event of a call to the fund); (iii) if BPCE's own funds and this mutual guarantee fund are not sufficient, BPCE could draw equally on the guarantee funds specific to each of the Banque Populaire and Caisse d'Épargne networks for a total amount of €900m and on the Mutual Guarantee Fund of the Banques Populaires and Caisse d'Épargne, made up of deposits made by the Banques Populaires and the Caisses d'Épargne in the books of BPCE in the form of term accounts with a term of ten years and renewable indefinitely; Finally, (iv) if the call on BPCE's capital and these three guarantee funds were not sufficient, additional sums would be requested from all the Banques Populaires and the Caisses d'Épargne. It is specified that the guarantee funds referred to above constitute an internal guarantee mechanism within Groupe BPCE, activated at the initiative of the BPCE Management Board, or of an authority responsible for banking crises, which may request that it be implemented if deemed necessary; (v) in addition, BPCE may also make unlimited use of the resources of any one, several or all of the other affiliates.

As a result of this full legal solidarity, one or more affiliates could not find themselves in judicial liquidation, or be affected by resolution measures within the meaning of the EU directive for the Recovery and Resolution of Credit Institutions No. 2014/59 as amended by EU directive No. 2019/879 (the "BRRD"), without all affiliates also being affected.

In accordance with Article L. 613-29 CMF, any judicial liquidation procedure would be implemented in a coordinated manner with regard to the central institution and all of its affiliates.

In the event of a judicial liquidation necessarily involving all affiliates, external creditors of equal rank or with equal rights of all affiliates would be treated in the order of the creditor hierarchy equally, regardless of their connection to a particular affiliated entity.

The consequence is that holders of AT1 and other *pari passu* securities would be more affected than holders of Tier 2 and other *pari passu* securities, which are themselves more affected than holders of non-preferred senior external debt, which are themselves more affected than holders of preferred senior external debt. In the event of resolution, and in accordance with Article L. 613-55-5 of the French Monetary and Financial Code, identical impairment and/or conversion rates would be applied to debts and receivables of the same rank, regardless of their link to a particular affiliated entity, in the priority order mentioned above.

Due to the affiliation of Compagnie de Financement Foncier to the BPCE central institution and the systemic nature of Groupe BPCE and the assessment currently made by the resolution authorities, resolution measures would, if necessary, be more likely to be taken than the opening of a judicial liquidation procedure. A resolution procedure may be initiated against BPCE and all affiliated entities if (i) the default of BPCE and all affiliated entities is proven or foreseeable, (ii) there is no reasonable expectation that another measure could prevent this failure within a reasonable timeframe and (iii) a resolution measure is required to achieve the objectives of the resolution: (a) guarantee the continuity of critical functions, (b) avoid significant adverse effects on financial stability, (c) protect government resources by minimizing the use of extraordinary government financial support, and (d) protect customer funds and assets, including those of depositors. An institution is considered to be in default when it fails to comply with the terms of its license, is unable to pay its debts or other commitments as they fall due, seeks exceptional public financial support (subject to limited exceptions), or when the value of its liabilities exceeds that of its assets.

In addition to the power of internal bail-in, resolution authorities have broad powers to implement other resolution measures with respect to failing institutions or, in certain circumstances, their groups, which may include, among others: the sale of all or part of the institution's activity to a third party or bridge institution, the segregation of assets, the replacement or substitution of the institution as debtor of the debt instruments, changes in the terms of the debt instruments (including changes in the maturity and/or amount of interest payable and/or the temporary suspension of payments), the suspension of the admission to trading or listing of the financial instruments, the dismissal of management or the appointment of a provisional administrator (special administrator), and the issuance of capital or equity.

Note, however, that covered bonds, such as Compagnie de Financement Foncier's secured bonds, enjoy a special legal regime under which, due to the special legal privilege granted to the holders of obligations foncières by Article L. 513-11 CMF, they are excluded from any transactions related to a court-supervised safeguarding procedure, bankruptcy proceeding or liquidation or resolution measures as provided for in Article L. 613-49 CMF brought against a société de crédit foncier. Article 44 of directive No. 2014/59 of the EU, as amended (the "BRRD"), transposed in the CMF in Article L. 613-55-1, in addition, explicitly states that the assets of the cover pool of a covered bond issuer are excluded from the scope of application of the bail-in.

REGULATORY BODIES

THE EUROPEAN CENTRAL BANK

Since November 2014, Compagnie de Financement Foncier has been supervised by the European Central Bank according to the Single Supervisory Mechanism (SSM) while remaining under the supervision of the relevant domestic authority, the ACPR.

AUTORITÉ DE CONTRÔLE PRUDENTIEL ET DE RÉOLUTION (ACPR – FRENCH PRUDENTIAL SUPERVISORY AND RESOLUTION AUTHORITY)

The tasks of the French Prudential Supervisory and Resolution Authority are defined by Article L. 612-1 of the CMF. The ACPR is responsible for three main tasks:

- keeping the financial sector stable;
- protecting the customers, insurance policyholders, members and beneficiaries of the bodies that it supervises;
- assisting the ECB in its prudential supervisory role.

As authorized credit institutions, *sociétés de crédit foncier* are placed under its authority.

The ACPR monitors these companies by examining reports and financial statements that they are required to provide and can also conduct on-site investigations.

As credit institutions, *sociétés de crédit foncier* have to provide information about:

- internal control (Articles 258 to 270 of the Decree of November 3, 2014 on internal control of the banking sector);
- liquidity, *via* the liquidity and observation ratios.

Sociétés de crédit foncier must also publish specific reports about:

- the quality of their financed assets and, in particular, the characteristics and breakdown of loans and guarantees, liquidity at 180 days in a run-off scenario, as well as the level and sensitivity of interest rate positions;
- the report on these points is published on Compagnie de Financement Foncier's website and submitted to the ACPR four times a year, within 45 days following the end of each quarter;
- the calculation of the overcollateralization ratio, which includes limits on the composition of assets, and the calculation of amounts eligible for funding by privileged resources.

The report on this information, completed with other regulatory indicators, is certified by the Specific Controller and submitted to the ACPR within three months following the end of each quarter.

The *sociétés de crédit foncier* determine the solvency ratios and the regulatory overcollateralization on a company basis, which are then provided to the ACPR. The controls carried out by the ACPR are an additional guarantee for holders of *obligations foncières*.

CENTRAL INSTITUTION

BPCE SA, Groupe BPCE's central institution is also responsible for risk control and for oversight of the legality of Compagnie de Financement Foncier activities. It may take any measures to ensure that the activity complies with all provisions applicable to credit institutions (Articles L. 512-107 and L. 512-108 of the CMF).

RISK ASSESSMENT AND MONITORING

Credit institutions subject to these rules must also implement risk assessment tools and methods in order to ensure effective management and monitoring of their risks. Selection processes (limits, approval delegations and methods of analysis) as well as monitoring tools and procedures enable them to regularly assess the levels of risks managed.

The regulation requires a periodic review of these assessment methods and tools.

These tools and procedures are used to assess, select and monitor the following types of risks:

- credit;
- liquidity;
- interest rate;
- foreign exchange;
- compliance;
- settlement and intermediation;
- legal;
- operational;
- extreme events (solutions provided in the Contingency and Business Continuity Plan).

DOCUMENTATION AND INFORMATION

Credit institutions are required to document the following:

- their organization and the role of their staff;
- their information systems security procedures;
- risk assessment systems and their operational characteristics (limits, selection criteria, monitoring, etc.).

The following supervisory and control bodies must be kept informed:

- decision-making body: the Board of Directors and its sub-committees, the Audit Committee and the Risk Committee;
- central institution or shareholder;
- external auditors (Statutory Auditors, Specific Controller);
- regulatory authorities: the French Prudential Supervisory and Resolution Authority (ACPR) and the French Financial Markets Authority (AMF).

STATUTORY AUDITORS

APPOINTMENT OF THE STATUTORY AUDITORS

As French public limited companies, *sociétés de crédit foncier* financial statements must be audited by Statutory Auditors. Article L. 511-38 of the CMF requires that credit institutions be audited by at least two Statutory Auditors, employed by two different auditing firms (whereas other countries require only one).

They are appointed by the Annual General Shareholders' Meeting, and not by executive directors, for a six-year term.

As credit institutions, *sociétés de crédit foncier* must first have their Statutory Auditors approved by the Annual General Shareholders' Meeting for a six-year term, following a prior consultation.

The Statutory Auditors have a permanent legal obligation to ensure the quality and reliability of the financial and accounting information provided by their clients. Their duties include:

AUDIT AND CERTIFICATION

Pursuant to the French Commercial Code, the Statutory Auditors must certify, while justifying their opinion, whether or not the annual financial statements give a true and fair view of the Company's results for the accounting period concerned and of its financial position and assets and liabilities at the end of each period. Their certification is published in the annual report. For this purpose, they carry out an audit, in accordance with the professional standards of the National Association of Statutory Auditors (CNCC – *Compagnie Nationale des Commissaires aux Comptes*).

GENERAL REPORT

In their report to the Ordinary General Shareholders' Meeting, the Statutory Auditors must report on the execution of their assignment. By certifying the Company's financial statements, they express that during the course of their assignment they have obtained reasonable assurance that the financial statements do not contain any material misstatement.

They must inform the Annual General Shareholders' Meeting of any irregularities or inaccurate information they may have observed during their assignment.

SPECIFIC VERIFICATIONS

The Statutory Auditors verify the fairness of the following information and its consistency with the annual and half-year financial statements:

- the information provided in the management report;
- the documents sent to shareholders concerning the financial position and annual financial statements.

To carry out their assignment, the Statutory Auditors hold extensive investigative powers.

Pursuant to the law, at any time of the year, the Statutory Auditors, together or individually, may carry out all verifications and controls they deem appropriate and may request, on-site, any documents they consider necessary for their assignment, including contracts, accounting records and documents, and minutes of meetings.

These investigations may be conducted at the Company or at its parent, or if necessary at any subsidiary or at any entity included in the consolidation scope.

SPECIFIC CONTROLLER

The Specific Controller is selected from the official list of Statutory Auditors (French National Association of Auditors – CNCC). Its appointment, proposed by the Executive Management of the *société de crédit foncier*, is subject to the approval of the ACPR for a four-year term. It is responsible for verifying that operations are functioning correctly and for ensuring strict compliance with laws and regulations. To avoid any conflict of interest, the Specific Controller may not be a Statutory Auditor for the group that consolidates the *société de crédit foncier*. In accordance with the law and regulations, the Specific Controller must ensure that the *société de crédit foncier* is taking all necessary steps to secure the redemption of *obligations foncières* and other privileged resources. For this purpose, the Specific Controller must, either on an ongoing basis, or in response to specific events:

- assess the quality of the risk management and monitoring procedures that the *société de crédit foncier* has implemented in order to respect the principles set out above;
- control the eligibility of loans and other assets held by the *société de crédit foncier*;
- ensure the appropriate overcollateralization of privileged resources by eligible assets, the compliance with regulatory limits and the LTV eligible for privileged funding;
- certify previous ratios, limits and LTV on a quarterly basis for the ACPR;
- issue certifications of quarterly bond issuance programs and for issuances equivalent in euros to €500m or more;
- verify the asset-liability matching in maturities and interest rates between the assets and privileged liabilities of the *société de crédit foncier* (Article 12 of CRBF regulation 99-10);
- appraise the valuation and periodic review procedures of the underlying assets backing the eligible loans, pursuant to Article 5 of CRBF Regulation No. 99-10;

- certify, on a quarterly basis, the new reports introduced by the Decree of May 23, 2014 and the Order of May 26, 2014, in particular the items used to calculate the overcollateralization ratio and the resources needed to cover cash requirements, the difference in average maturity between assets and the provisional cover of privileged resources with eligible assets;

- prepare the report on the procedures agreed on compliance with the criteria relating to the eligibility of assets in Article 129 of Regulation (EU) No. 575/2013 (CRR) pursuant to ACPR instruction No. 2022-I-5.

The Specific Controller's controls supplement the Company's standard internal controls and those conducted by the Statutory Auditors.

During its missions as defined by law (Article L. 513-23 and 24 of the CMF), and for which it benefits from a comprehensive right of investigation, the Specific Controller may also:

- attend any Shareholders' Meeting and be heard upon request by the management bodies of the Company. It also has a duty to alert the supervisory banking authorities;
- establish, for all Management Boards and social bodies, an annual report on the accomplishment of its mission, a copy of which is sent to the ACPR.

In the event the *société de crédit foncier* is subject to restructuring, insolvency or resolution proceedings, the Specific Controller would become the legal representative of the holders of *obligations foncières* and other privileged resources.

AUTORITÉ DES MARCHÉS FINANCIERS (AMF – FRENCH FINANCIAL MARKETS AUTHORITY)

PROSPECTUS DIRECTIVE

In June 2017, European lawmakers adopted a new regulation on prospectuses to be published for offers to the public of securities or for the admission of securities to trading on a regulated market ("Prospectus 3").

This Regulation (EU) 2017/1129 of the European Parliament and of the Council applies from July 21, 2019.

Its purpose is to simplify the presentation of disclosures for issuers while making the document more useful for investors. In particular, it establishes a European format for a Universal registration document, or URD, a single document and central source of information drawn from the French Registration document, which it replaces as of July 21, 2019.

In accordance with the "Prospectus 3" regulation, European Delegated Regulation 2019/2020 published by the European Commission in April 2019 sets out the content of the Universal registration document in its Annexes 1 and 2.

The AMF and ESMA have provided issuers with all the necessary information and instructions to comply with these new provisions which Compagnie de Financement Foncier has implemented.

TRANSPARENCY DIRECTIVE

In force since the end of 2015, the revised Transparency directive (directive 2013/50/EU) provides for the establishment of a unique publication format for annual financial reports in order to facilitate access to financial information and the comparability of company accounts. On December 18, 2017, ESMA published the final version of the Regulatory Technical Standards (RTS), for the European Single Electronic Format (ESEF). This format must be used by all issuers to prepare their annual financial reports starting on January 1, 2022, following the one-year postponement authorized by the AMF. The tagging component of this new format is mandatory only for entities publishing consolidated financial statements.

BUSINESS MODEL OF COMPAGNIE DE FINANCEMENT FONCIER

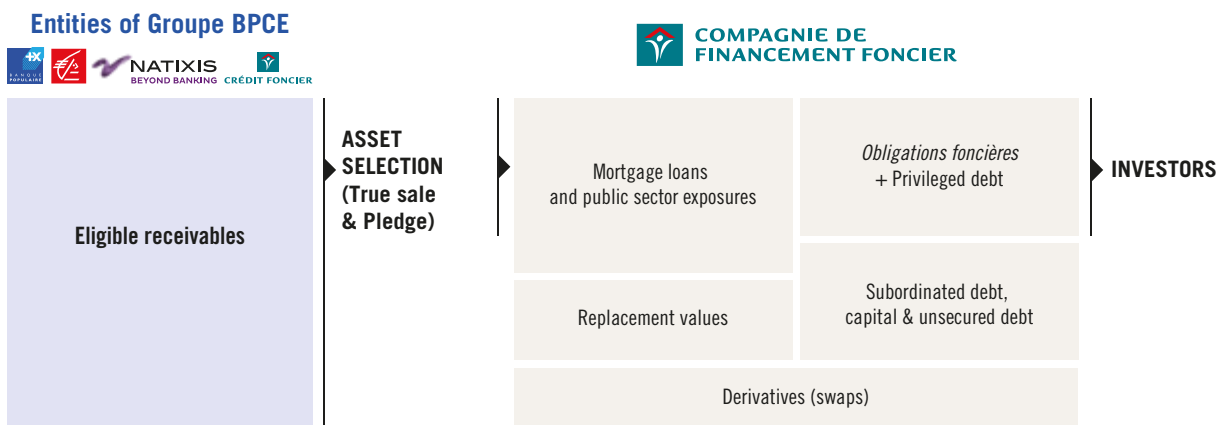
BUSINESS MODEL OF COMPAGNIE DE FINANCEMENT FONCIER

Compagnie de Financement Foncier is a credit institution approved as a specialized credit institution and a *société de crédit foncier*. As a wholly-owned subsidiary of Crédit Foncier, affiliated to BPCE, Compagnie de Financement Foncier is an active covered bond issuer and is one of the vehicles for the funding of Groupe BPCE.

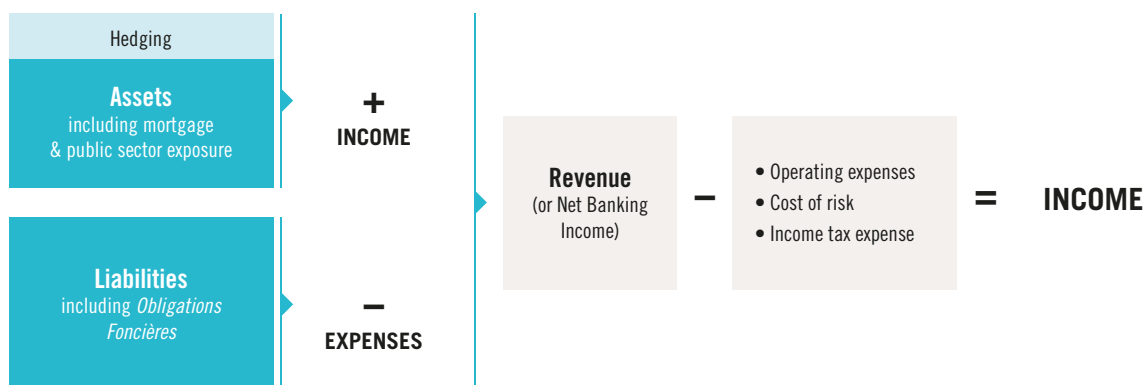
Structure of a *société de crédit foncier's* balance sheet

Assets	Liabilities
<ul style="list-style-type: none"> Guaranteed loans: backed by a first-rank mortgage or real estate securities conferring at least an equivalent guarantee 	<ul style="list-style-type: none"> Privileged resources (mainly <i>obligations foncières</i>)
<ul style="list-style-type: none"> Exposures on public entities 	<ul style="list-style-type: none"> Non-privileged resources: senior debt (unsecured debt), subordinated and related debts
<ul style="list-style-type: none"> Quality short-term liquid assets 	<ul style="list-style-type: none"> Provisions Shareholders' equity (or Equity)

Following the implementation of the new Crédit Foncier activities reorientation plan starting from April 1, 2019, Compagnie de Financement Foncier is mainly focused on the funding of Groupe BPCE assets, in particular Public sector and similar assets.



This model is based on the selection and funding of eligible assets originated by Groupe BPCE's entities *via* true sale or collateralized loans. These assets are financed by issuing *obligations foncières*, the holders of which are granted with a legal privilege on the flows from the assets guaranteeing both principal and interest, with priority over all other creditors.



NB: This is a deliberately simplified description and does not necessarily take into account certain extraordinary situations. For example, cash currently on deposit with the Banque de France is an asset, yet incurs a financial expense due to negative interest rates.

In addition to the quality of its asset cover pool, security and robustness are the main features of its economic model, as well as its hedging portfolio.

Prior to any transfer to the balance sheet of Compagnie de Financement Foncier by sale or any pledge, the assets selected are subject to a rigorous examination, which allows Compagnie de Financement Foncier to acquire only quality loans, in line with its risk policy.

Compagnie de Financement Foncier's assets

COMPOSITION OF ASSETS, SELECTION AND MANAGEMENT RULES

ASSET COMPOSITION

The rules governing the acquisition of Compagnie de Financement Foncier's assets are strictly defined and closely monitored:

- the assets must be eligible pursuant to the law governing the business of *sociétés de crédit foncier*;
- their acquisition is subject to Compagnie de Financement Foncier's own additional requirements;
- these assets are purchased with a margin in order to ensure Compagnie de Financement Foncier's profitability at all times.

The quality of Compagnie de Financement Foncier's assets is also guaranteed by their intrinsic characteristics: they include loans or securities to Public sector entities or guaranteed by the Public sector and first-ranking mortgage loans or similar.

SELECTION

In addition to legal eligibility criteria and guarantees required before acquisition, Compagnie de Financement Foncier's business model is characterized by its rigorous asset selection process based on specific know-how, building on the expertise of Crédit Foncier's experienced teams dedicated to these activities.

Eligible assets are selected and scored on their own characteristics, such as: the internal and/or external Basel rating, age, maximum amount financed by privileged liabilities (ratio between the loan amount and the value of the asset pledged as collateral) for mortgage loans and related items, statistical data including default experience, etc.

This selection mechanism is subject to a permanent audit process in order to maintain the high quality of the assets that enter its balance sheet, which ensures the highest level of safety for holders of *obligations foncières*.

The price that Compagnie de Financement Foncier pays for its assets is determined on the basis of its funding costs, hedging costs, default and loss probabilities, servicing costs and its profitability.

MANAGEMENT OF PAYMENT DEFAULTS

Loan management is delegated to Crédit Foncier by an agreement.

The debt-collection process involves preventing problems, carrying out accurate analysis of risk, making use of guarantees if necessary, and ensuring the rigorous processing of loan applications.

For private individuals, the debt-collection policy comprises three phases, depending on the length of arrears:

- automated collection with intervention from the first missed payment, for immediate settlement or implementation of a settlement plan;

- amicable collection (arrears between two and three months, duration of the procedure up to six months), with a rate of return to normal management of over 80%;
- litigation (arrears beyond six months) resulting in the settlement of a third of cases in the subsequent year.

MANAGEMENT RULES

OVERCOLLATERALIZATION

COMPLIANCE WITH THE REGULATORY OVERCOLLATERALIZATION RATIO (COVERAGE RATIO)

Overcollateralization, defined by law (Article L. 513-12 of the CMF), requires that the total sum of weighted assets of *sociétés de crédit foncier* (in accordance with the regulations set by CRBF amended Regulation No. 99-10 of July 9, 1999) is always at least 105% of the total amount of liabilities benefiting from the legal privilege. One of the Specific Controller's duties is to monitor compliance with this regulatory overcollateralization rule.

Since the creation of Compagnie de Financement Foncier in 1999, this regulatory ratio has always been above 108%.

The superior quality label granted to covered bond issues also requires compliance with a minimum overcollateralization ratio of 105% calculated according to the rules of Article 129 of Regulation (EU No. 575/2013 CRR).

Maintaining a high overcollateralization ratio specific to Compagnie de Financement Foncier

In addition to the safety provided by the institutional framework and to ensure the best ratings from the major rating agencies, Compagnie de Financement Foncier has initiated additional management measures.

These measures result in compliance with a specific collateralization ratio for each rating agency based on its methodology.

In particular, since 2009, it set up measures to maintain at all times a volume of non-privileged resources at least equal to 5% of the liabilities that benefit from the legal privilege.

The holders of *obligations foncières* who benefit from the privilege are also protected by the relative weight of non-privileged resource holders, since these are not repaid in priority.

Continuous monitoring of overcollateralization levels

To ensure that compliance with the overcollateralization requirements is maintained at all times, it is monitored on an ongoing basis. In addition to the compliance of the regulatory ratio, if Compagnie de Financement de Foncier observes on a quarterly basis, a breach of one of the above thresholds, all asset purchases are immediately suspended and non-privileged resources are used to increase overcollateralization above the minimum required amount.

Principle of financed LTV for residential mortgage loans

In the case of residential mortgage loans, the portion financed by privileged liabilities is the ratio of the outstanding principal over the value of the underlying real estate asset (LTV – Loan to Value). The present value of the asset is revalued annually to monitor compliance with this ratio. To guarantee a minimum quality level for cover pool assets, the CRBF caps the maximum percentages that can be funded by issues of covered bonds.

The regulatory annual valuation of assets, as required by the regulation, is based on a prudent assessment of the property's long-term characteristics, local market conditions, the current use of the property and other possible uses. All of this information is provided by BPCE Expertises Immobilières, a BPCE subsidiary, Veritas-certified, whose experts are either certified by a court and/or qualified as Chartered Surveyors (MRICS) ¹⁾.

The Specific Controller monitors these appraisals each year to verify compliance with the real-estate market parameters used in the valuation process, as described in the Risk Management report section of this document.

CREDIT RISK

ASSET PURCHASING CRITERIA BY CATEGORY

Although regulations require that a *société de crédit foncier* invest only in high quality assets, Compagnie de Financement Foncier sets up additional asset purchasing criteria for each asset category, so as to limit its exposure to credit risk. Compagnie de Financement Foncier selects the assets that it wishes to acquire based on their rating, probability of default, score at origination, expected loss and any hedging of assets, as well as yield curves. The assets that meet Compagnie de Financement Foncier's criteria are then purchased at a price determined by the previous study.

Furthermore, Compagnie de Financement Foncier's exposures to credit institutions have very good external credit ratings. The minimum acceptable credit rating for each exposure (except for those guaranteed by eligible collateral to a *société de crédit foncier*) depends on the investment horizon and must meet the minimum rating criteria of each of the three rating agencies, as shown below:

	Standard & Poor's	Moody's
From 0 to 59 days	ST: A1	ST: P1
From 60 days to 6 months	ST: A1+	ST: P1 and LT: Aa3
Over 6 months	LT: AAA	LT: Aaa

Scope Ratings applies no predefined minimum rating. The analysis is done on a case to case basis.

LIMITING MARKET COUNTERPARTY RISK

Groupe Crédit Foncier's risk policy specifies per market counterparty risk limits and Compagnie de Financement Foncier observes these limits in its decision process.

For its hedging transactions Compagnie de Financement Foncier executes a framework convention with each of its counterparties, with asymmetrical collateralization and other specific terms set forth in an appendix to this agreement. Each counterparty agrees to pay Compagnie de Financement Foncier on a daily basis (or on a weekly basis for some of them) depending on the counterparty's rating a security deposit equal to its net debt position, without reciprocity from Compagnie de Financement Foncier.

MANAGING BALANCE SHEET RISKS

MANAGING INTEREST RATE RISK

Compagnie de Financement Foncier has set itself the task of maintaining the level of its interest rate mismatches or gaps within the limits defined by the time horizon and of correcting any overruns by the end of the following quarter, at the latest:

Horizon	Limits expressed in €bn
Less than 2 years	1.5
2-4 years	1.7
4-8 years	2.1
Threshold of 8-16 years	2.1

LIQUIDITY RISK HEDGING

In accordance with legislative constraints requiring that *sociétés de crédit foncier* ensure that, at all times, all of their cash requirements are hedged for a period of 180 days, Compagnie de Financement Foncier has adopted a specific process to monitor its 180-day liquidity. This guarantees that it always maintains enough liquidity to honor its privileged liability commitments for at least 180 days.

The quality of the receivables on its balance sheet enables Compagnie de Financement Foncier to have immediate access to significant amounts of funding from central banks, such as the ECB.

Thus, at all times, Compagnie de Financement Foncier has its cash, its safe and liquid exposures to credit institutions and its level 1, 2A and 2B liquid assets (see Delegated Regulation (EU) 2015/61 of October 10, 2014) in order to ensure the contractual repayments of its privileged debt over the following 180 days.

In accordance with regulatory provisions, Compagnie de Financement Foncier limits the difference between the average duration of its total assets and its privileged liabilities to 18 months. At June 30, 2022, the total assets average duration was 6.4 years and the privileged liabilities average duration was 6.8 years.

1) MRICS: members approved by the Royal Institute of Chartered Surveyors (RICS). RICS is an English professional body whose mission is to regulate and promote the property valuation profession.

NO FOREIGN EXCHANGE RISK

Compagnie de Financement Foncier prohibits any open foreign exchange positions. As such, all asset purchases or funding transactions that are not denominated in euros are systematically hedged against foreign exchange risk.

In practice, Compagnie de Financement Foncier limits its residual foreign exchange positions to €3m by currency with a €5m cap for all currencies.

ORGANIZATION OF CONTROLS

The organization of Compagnie de Financement Foncier's controls is managed at groupe Crédit Foncier level. Crédit Foncier's Risk department monitors and controls the different types of risks of its subsidiary under the formal agreements signed by Crédit Foncier and Compagnie de Financement Foncier. The Risk department performs *ex-ante* risk analyses based on exposure and delegation limits, and *ex-post* analyses and controls. It reports functionally to BPCE's central Risk department.

Compagnie de Financement Foncier committees also support risk monitoring and control. Their operations are described in detail in the Risk Management report section of this document.

Moreover, in accordance with the legal framework that provides a legal privilege for holders of *obligations foncières*, the law stipulates that *sociétés de crédit foncier* may not have their own personnel. Compagnie de Financement Foncier draws on the resources of its parent company, Crédit Foncier, to carry out its activities. Crédit Foncier provides Compagnie de Financement Foncier with a number of services, under a series of agreements. These outsourced activities are set out in the report of the Chairman of the Board of Directors and the Risk Management report in this document.

BPCE SA is also involved in organizing controls as part of its responsibilities for the affiliation of Crédit Foncier and Compagnie de Financement Foncier (Articles L. 512-106 to L. 512-108 of the CMF).

ECONOMIC AND FINANCIAL ENVIRONMENT IN THE FIRST HALF OF 2022

Economic environment

Since the beginning of 2022, the global economic outlook has deteriorated sharply due to the invasion of Ukraine by Russia, which, in addition to the dramatic humanitarian crisis it is causing in Eastern Europe, will slow global growth and generate additional inflation in the short term. This crisis comes at a time when the global economy was recovering, but had not yet fully recovered, from the consequences of the Covid-19 pandemic. Indeed, although many regions of the world seem to have passed the most acute phase of the Covid-19 crisis, the lockdowns carried out at the level of major Chinese industrial and commercial centers will disrupt other production chains elsewhere in the world. Overall, the risks weighing on the economic outlook have increased significantly, leading the public authorities to carry out increasingly complex arbitrage transactions.

Global growth is expected to decrease from 6.1% in 2021 to 3.6% in 2022 and 2023 ⁽¹⁾. After 2023, global growth is expected to decline further to around 3.3% ⁽¹⁾ in the medium term. However, these negative forecasts involve a high degree of uncertainty for various reasons: a possible worsening of the conflict in Ukraine, an intensification of sanctions against Russia, a more marked-than-expected economic slowdown in China or a resurgence of the pandemic in the event of the appearance of a new, more virulent variant. The increase in the price of food and energy may also amplify social tensions.

In Ukraine, although it is impossible to quantify precisely the damage caused to the economy, a contraction in GDP of around 35% ⁽¹⁾ is anticipated. In addition, even in the event of a rapid end to the war, the loss of life, the flight of inhabitants and the destruction of many production structures will significantly hinder the resumption of economic activity for many years.

In Russia, as a result of trade and financial sanctions (exclusion of certain banks from the SWIFT system, ban on central bank assets, oil and gas embargo imposed by certain countries), GDP is expected to fall by around 8% ⁽¹⁾ in 2022 then experience a further decline of around 2.3% ⁽¹⁾ in 2023.

In emerging countries and developing European countries, GDP is expected to contract by around 2.9% in 2022 and then grow by 1.3% in 2023. This contraction is mainly due to the impact of higher energy prices and the disruption of trade, particularly for the Baltic states.

In advanced European countries, which are net energy importers, rising global energy costs and supply chain disruptions in certain industries (e.g. automotive) will be the main drivers of GDP decline. GDP growth in the euro zone should be 2.8% in 2022; the largest falls

in GDP are thought to be in Germany and Italy, which have significant manufacturing sectors and are major consumers of energy from Russia. In France, the Banque de France's latest forecasts from June 2022 anticipate growth of 2.3% in 2022 and 1.2% in 2023.

Growth forecasts in the United States have also been revised downwards due to the non-adoption of the "Build back better" fiscal policy program, as well as ongoing supply chain disruptions. Other factors such as the rapid withdrawal of monetary support to the economy and the weaker growth observed at the level of trading partners due to the disruptions linked to the war will weigh significantly on growth. In its annual assessment of US economic policy, the IMF estimated on June 24, 2022 that US GDP growth would reach 2.9% in 2022 and 1.7% in 2023.

With a few exceptions, employment and production are expected to remain below their pre-pandemic levels until 2026. In emerging and developing countries, where public support is more limited and where vaccination is progressing more slowly, the economic consequences should be much more serious than in advanced countries and the return to normalcy take longer.

Inflation is expected to remain strong in the coming months due to the increase in commodity prices and widespread upward pressure on prices, particularly on energy due to the war (gas and oil, in particular). In 2022, inflation is expected to stand at 5.7% ⁽¹⁾ for advanced countries and 8.7% for emerging and developing countries. Eurostat has already indicated that the annual inflation rate for the euro zone in 2022 was revised up to 8.6% ⁽²⁾ in June 2022 compared to 8.1% in May. Regarding the main components of inflation in the euro zone, energy should experience the highest rate (41.9% in June compared to 39.1% in May), followed by food, alcohol & tobacco (8.9% in June compared to 7.5% in May). In 2023, inflation should fall to 2.5% in advanced countries and 6.5% in emerging and developing countries. Inflation in France is expected to remain high but lower than that of the euro zone in 2022 (6.5% vs. 8.6%) due to the tariff shield on gas and electricity prices assumed to be maintained throughout 2022. However, as with the growth outlook, these inflation forecasts involve a very significant level of uncertainty. Indeed, prolonged supply disruptions due to continued fighting or new outbreaks of the pandemic would lead to a further increase in costs.

The effects of the war and sanctions on the global economy will also depend on the measures taken in countries not directly concerned. Decisions to increase the supply of oil and gas or to use energy reserves could ease upward pressure on prices.

1) International Monetary Fund, World Economic Outlook – April 2022.

2) Eurostat – Flash estimate – July 1, 2022.

Even before the start of the armed conflict between Ukraine and Russia, inflation had accelerated sharply and many central banks had considered or initiated a tightening of monetary policy, leading to a rapid increase in interest rates in advanced countries. For example, the FED raised its key rate by 75 basis points ⁽¹⁾ on June 15, 2022, after having already increased it by 50 basis points on May 15, 2022. It expects a further increase of 50 to 75 basis points in July. The ECB,

for its part, announced a 25 basis point increase in its key rates in July and at least 50 basis points in September. In emerging and developing countries, several central banks have also tightened monetary policies. In this context, China is an exception because its inflation is low and the central bank reduced its key rates in January to support the recovery. The tightening of monetary policies in Europe and the United States generated significant volatility on the financial markets.

European monetary policies

At the end of 2021, the European Central Bank (ECB) predicted a slight "hawkish" shift in its monetary policy for 2022, in particular with the end of its emergency pandemic purchasing program (PEPP) of €1,850bn. The objective was then to commit to a decrease in asset purchases made under the PEPP (Pandemic Emergency Purchase Programme) in the first quarter of 2022 and then to discontinue them definitively. At the same time, the traditional Asset Purchase Programme (APP) would be maintained at a high level in 2022 at a monthly rate of €40bn in the second quarter, then €30bn in the third quarter.

During this period, the ECB's moderate forecasts for GDP growth in the euro zone anticipated a level of 4.2% for 2022, justifying the gradual nature of the envisaged normalization.

The large-scale military action launched in February 2022 by the Russian Federation against Ukraine and, to a lesser extent, the new wave of the Omicron variant as well as the various shortages observed in a number of sectors of the European economy led the ECB to take different directions.

On June 9, 2022, taking note of the sharp acceleration in the level of inflation in the euro zone, the lasting destabilization of the European economy and, more generally, the world economy, following the invasion of Ukraine by Russia, the ECB's Governing Council decided to adopt new measures to normalize its monetary policy.

Thus, from July 1, 2022, net purchases under the Asset Purchase Programme (APP) were ended. Reinvestments of principal repayments from securities acquired under the APP and reaching maturity will be maintained for as long as necessary to maintain abundant market liquidity.

With regard to the Pandemic Emergency Purchase Programme (PEPP), the ECB will also reinvest the principal repayments of securities maturing at least until the end of 2024. In the event of further fragmentation of the markets due to the pandemic, reinvestments under the PEPP may be adjusted at any time between the different asset classes and the different jurisdictions. Net purchases under the PEPP could resume, if necessary, to deal with further negative repercussions related to the pandemic.

The Governing Council also announced a 25 basis point increase in its key rates for July 2022. A further increase in key rates by the ECB should also take place in September 2022 according to a calibration to be defined according to updated medium-term inflation forecasts. Beyond September 2022, the Governing Council anticipates a gradual but lasting sequence of interest rate increases with the medium-term objective of returning inflation to a level close to 2%.

Finally, the ECB noted that the special conditions applicable to TLTRO III operations would end on June 23, 2022.

1) BPCE Finance & Strategy Division – Research and Foresight department – July 4, 2022.

FINANCIAL TRANSACTIONS

Funding

MARKET ENVIRONMENT

With €117.7bn ⁽¹⁾ issued in the first half-year 2022, covered bond issues reached their highest level since 2011 (€133.1bn ⁽¹⁾ issued). This amount already exceeds the total amount issued in 2021 (€93.7bn ⁽¹⁾). This increase in the supply of covered bonds is due to various catalysts:

- issuers wanted to take advantage of purchases under the CBPP3 program of the ECB still in place, with primary orders representing up to 30% until the end of June;
- the increase in the differential spread between senior preferred bonds and covered bonds, which provides an incentive to favor covered bonds for refinancing. Since the beginning of the year, covered bond spreads have widened by around 5.9bp while those of senior preferred widened by around 34bp. Covered bonds also remain attractive compared to government bonds;
- the implementation of the transposition of the “Covered Bonds directive” on July 8, 2022: many issuers wished to advance their issuance program to the first semester in order to allow time to obtain approval from their national supervisor for their “new” post-July 8 covered bond program.

In June 2022, the supply of covered bonds amounted to €9.3bn, the lowest level since the beginning of the year but still higher than that of June 2021 (€8.2bn). Due to inflation and the tightening of the ECB's monetary policy, market conditions deteriorated in June, resulting in lower investor demand and smaller order books, limited squeeze-out of spreads at launch and higher new issue premiums.

In June, issuers in the euro zone were able to continue to benefit from the ECB's order allocation, representing around 30% of issues. Given the decline in demand from traditional investors, the participation of central banks and official institutions in primary transactions increased, representing on average 32% of transactions in the euro zone.

Despite the reduction in orders on the primary market and the end of net purchases, the ECB should continue to support the covered bond market given the high level of covered bond reinvestments (€16bn) expected for the second half of the year.

For the second half of the year, supply is expected to slow down to between €35bn to €45bn ⁽¹⁾ because several issuers have anticipated their financing program and the amortization of secured debt will be more limited (€50.3bn ⁽¹⁾).

ESG covered bond issuance reached a record level in the first half-year 2022 with a total volume of €10.9bn ⁽¹⁾, up 24.7% compared to the first half-year 2021. Their share of the covered bond market remained stable at around 9%.

In the first half-year 2022, the most significant issuance volumes came from France (22.7%), Germany (18.5%), Canada (17%), Austria (7%) and the Netherlands (6%).

OPERATIONAL REVIEW

In a disrupted geopolitical context and a global economy strongly impacted by the military action launched at the end of February 2022 by the Russian Federation against Ukraine, in the first half-year 2022, Compagnie de Financement Foncier carried out a total issue volume of €1,985bn, including €480m in private placements. This performance once again demonstrates investor confidence in Compagnie de Financement Foncier's model and strategic orientations.

On the primary market, the first half-year was marked by two notable transactions: in March, a euro benchmark issue with a six-year maturity of €1.25bn and in April a CHF issue with a seven-year maturity for an amount in euro equivalent of €255m. The high level of oversubscription observed in the first euro benchmark of the year by Compagnie de Financement Foncier attests to the diversity and vitality of the investor base but also to the strong match between the covered bonds offered and the expectations and objectives of customers. This transaction, carried out on the longest maturity in Covered Bonds since the beginning of the Ukrainian crisis is part of a proven strategy and reputation that allow Compagnie de Financement Foncier to issue significant volumes during the reopening of capital markets in complex environments.

The return of Compagnie de Financement Foncier to the Swiss franc market, after an eight-year hiatus, is a resounding success in view of the very high granularity of the order book associated with a wide diversity of account categories (asset managers, treasury and insurers) present on the operation, all for significant notes.

By carrying out €480m in private placements, Compagnie de Financement Foncier reaffirmed the choice place it gives to this type of product in its issuance strategy and confirmed its ability to offer tailor-made solutions adapted to the needs of investors.

Excluding the Eurosystem, German and Austrian investors remain major contributors to Compagnie de Financement Foncier's issues with nearly 24% of allocations. It should be noted that Swiss investors are increasingly attracted to the issues of Compagnie de Financement Foncier with 28% of allocations, an interest that has been strengthened by the return of Compagnie de Financement Foncier to the Swiss franc market in April 2022. Asian investors, with more than 16% of allocations, have significantly stepped up their positioning compared to the same period in 2021.

By category of investor, the share of central banks continued to increase slightly, with more than 45% of allocations (compared to 42% in the first half-year 2021). This was mainly due to the continuation over this period of the various programs put in place during the Covid-19 crisis, including the PEPP (Pandemic Emergency Purchase Programme) which helped to increase liquidity in the covered bond market. Exposure to banks remains significant although down compared to the same period in 2021 (nearly 29% of 2022 allocations vs. 41% of 2021 allocations). Asset managers are a recurring base of investors with 17% of investments made.

Thanks to this performance, Compagnie de Financement Foncier confirms its ability to issue under good conditions in all circumstances.

1) NATIXIS – Covered bond market weekly – July 7, 2022.

Compagnie de Financement Foncier – supporting Groupe BPCE

GROUPE BPCE FUNDING AND PORTFOLIO MANAGEMENT

As per 2021, the first half of 2022 confirmed the interest shown by the Group's institutions for the highly competitive resources offered by Compagnie de Financement Foncier.

The start of the year was marked by dynamic activity in the first quarter then slowed down in the second quarter in a context of overall resource prices higher than the attrition rate. To compensate for this situation, Compagnie de Financement Foncier has adapted and proposed floating-rate refinancing operations.

As part of the diversification strategy agreed with BPCE to enable SCF to support the development of Groupe BPCE's various businesses, a first commercial real estate refinancing operation took place at the end of March 2022. Since the beginning of the year, several institutions have approached Compagnie de Financement Foncier to refinance this type of asset. In addition, a major refinancing operation for an energy loan was processed in June 2022 with Natixis.

At the end of June 2022, eight Caisses d'Épargne, two Banques Populaires, Natixis and Socfim had already refinanced themselves with Compagnie de Financement Foncier. Three other Banques Populaires have also shown keen interest in this offer, with refinancing projects currently under review (including BP Méditerranée, BP Occitanie and Crédit Coopératif).

In respect of the liquidity raised in the first half of 2022, Compagnie de Financement Foncier had refinanced, on June 30, 2022, 66 receivables for a total amount of €1,481bn (compared to 77 receivables for €743m in the first half of 2021), of which:

- €741m for Natixis (1 tax receivable);
- €696m for the Caisses d'Épargne network (63 public sector receivables);
- €24m for the Banques Populaires (1 public sector receivable);
- €21m for Socfim (1 Corporate mortgage loan).

In addition, €271m in refinancing set up in the first quarter of 2022 in respect of the liquidity raised by Compagnie de Financement Foncier at the end of 2021.

The competitiveness of Compagnie de Financement Foncier's resources enables the Group's institutions to more naturally take up calls for tenders launched by local authorities. Of the €725m of the Caisses d'Épargne and Banques Populaires networks, Compagnie de Financement Foncier's refinancing made it possible to win calls for tenders in the amount of €294m (19 receivables), of which €43m allocated to the departments, €28m to cities, €40m to large hospitals and €11m to the Social housing sector. Cities alone account for €64m and trade unions for €67m. Lastly, €41m target public sector entities.

All this refinancing of public sector assets was subject to a strict selection process aimed at allocating Compagnie de Financement Foncier's resources to counterparties with solid financial fundamentals.

Managing collateral

Crédit Foncier transferred assets to Compagnie de Financement Foncier via true sale or collateralized loans. In the first half-year 2022, Crédit Foncier sold to Compagnie de Financement Foncier for €3,273.4m in mortgage and Public sector loans (outstanding capital and related receivables, receivables previously refinanced by assignments).

Assignments of eligible assets (under Article L. 211-38 CMF) in the amount of €9.4bn were also pledged as collateral with Compagnie de Financement Foncier.

Disposal and securitization of loans to individuals

In order to optimize the management of its non-performing loans, Crédit Foncier may carry out securitization transactions or the sale of loans taken out by individuals. A disposal of non-performing loans with

a gross outstanding of €97.6m was completed during the first half of 2022.

Managing derivatives

As part of the optimized management policy for its derivatives portfolio, groupe Crédit Foncier limited as much as possible the setting up of internal derivative transactions between Crédit Foncier and Compagnie de Financement Foncier. Therefore, the volume of swaps between Compagnie de Financement Foncier and Crédit Foncier remained limited in the first half of 2022.

Most derivative transactions are cleared centrally, in accordance with the European EMIR regulation (European Market and Infrastructure Regulation). To this end, Crédit Foncier has been a member of the two main clearing houses: LCH in London since 2014 and Eurex in Frankfurt since 2020.



2

REPORT ON CORPORATE GOVERNANCE

COMPOSITION OF EXECUTIVE AND MANAGEMENT BODIES

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POTENTIAL CONFLICTS OF INTEREST

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COMPOSITION OF EXECUTIVE AND MANAGEMENT BODIES

Executive Management as of June 30, 2022

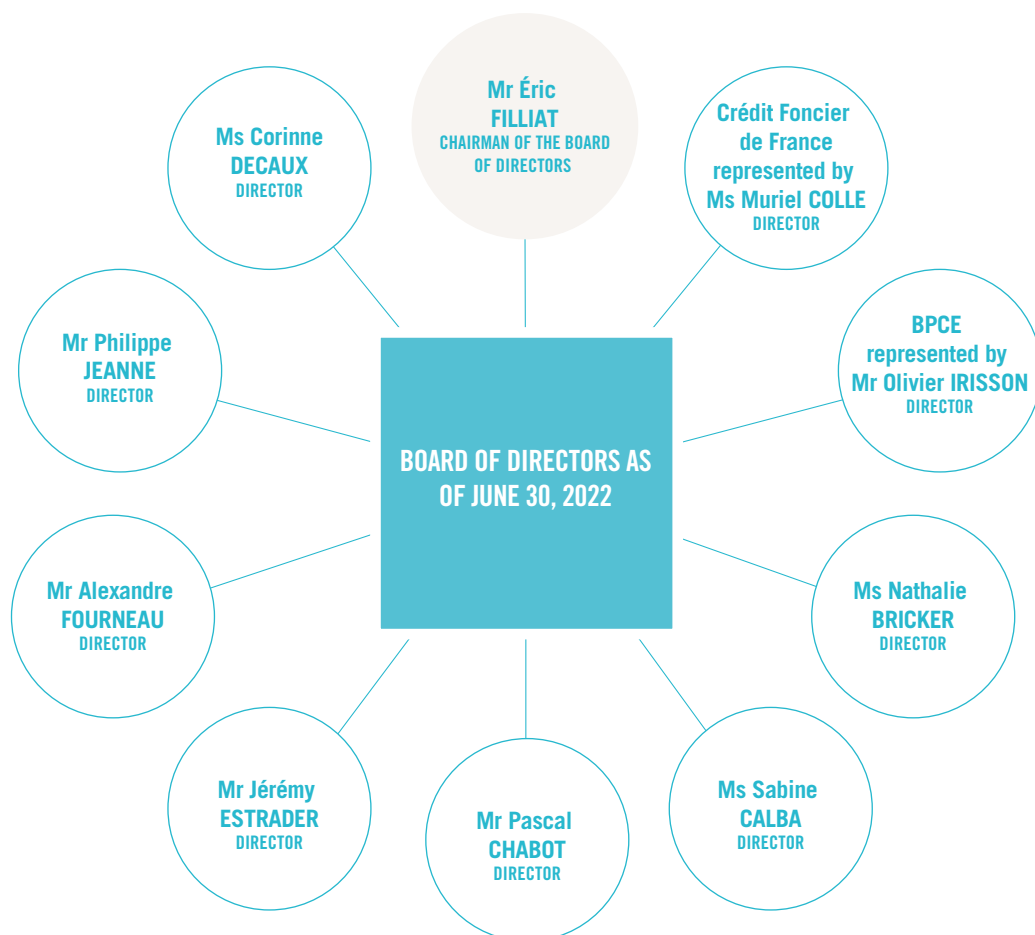
Mr Olivier AVIS, Chief Executive Officer

Mr Paul DUDOUIT, Deputy Chief Executive Officer

CHANGES IN EXECUTIVE MANAGEMENT DURING THE FIRST HALF-YEAR 2022

At its meeting of June 30, 2022, the Board of Directors renewed the terms of office of Olivier AVIS as Chief Executive Officer and of Paul DUDOUIT as Deputy Chief Executive Officer.

The Board of Directors as of June 30, 2022



Compagnie de Financement Foncier's two Statutory Auditors and its Specific Controller also attend the Board meetings.

CHANGES IN THE BOARD OF DIRECTORS DURING THE FIRST HALF-YEAR 2022

None.

The committees set up by the Board of Directors as of June 30, 2022

The Company has the following committees:

APPOINTMENTS COMMITTEE

The Appointments Committee is tasked with proposing candidates for the function of member of the Board of Directors, assessing the Board's diversity of knowledge and setting targets for gender representation.

AUDIT COMMITTEE

The Audit Committee operates in accordance with internal regulations approved by the Board of Directors at its meeting of June 29, 2004 and most recently updated by the Board on December 18, 2019.

The Audit Committee is responsible for advising the Board of Directors on the clarity of the information provided and the relevance of the accounting methods used to prepare the parent company financial statements.

Its usual scope includes:

- budget procedures;
- financial statements closing;
- agreements monitoring;
- coverage plan for privileged liabilities;
- appointment of Statutory Auditors and Specific Controller.

RISK COMMITTEE

The Risk Committee operates in accordance with internal regulations approved by the Board of Directors at its meeting of August 25, 2015 and most recently updated by the Board on December 18, 2019.

The Risk Committee is responsible for advising the Board of Directors on the quality of internal control, in particular the consistency of risk measurement, supervision and management, and is responsible for proposing, when appropriate, additional measures in this respect.

Its usual scope of intervention includes:

- assessing the overall risk exposure of Compagnie de Financement Foncier based on available reports;
- advising the Board of Directors on the overall strategy of Compagnie de Financement Foncier and risk appetite, both current and future;
- reviewing reports on internal control, compliance and permanent control;
- monitoring the independence of the General Inspection Division of Crédit Foncier and reviewing its work and annual plan;
- following up on the findings of missions of the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR – French Prudential Supervisory and Resolution Authority) and/or the European Central Bank (ECB) and the General Inspection Division of Crédit Foncier and of BPCE;
- reviewing product and service pricing (mentioned in Books II and III of the French Monetary and Financial Code: financial instruments, savings products, banking operations, investment services, etc.).

The composition of the committees was changed at the Board of Directors meeting of June 30, 2022.

- the Board appointed Muriel COLLE, Director, as member of the Audit Committee from June 30, 2022;
- the Board appointed Corinne DECAUX, Director, as member of the Risk Committee from June 30, 2022.

Olivier AVIS, Chief Executive Officer, is in charge of permanent and periodic control and compliance for Compagnie de Financement Foncier.

This appointment meets the requirements concerning permanent and periodic controls of Articles 16 *et seq.* of the Order of November 3, 2014 concerning the internal control of credit institutions, companies providing payment and investment services that are subject to the supervision of the French Prudential Supervisory and Resolution Authority, and to the principle applied by the management of Crédit Foncier under which the executive bodies of credit institution subsidiaries may draw on the parent company's structure to fulfill their obligations in terms of permanent and periodic control and compliance. Crédit Foncier's Director of Compliance and Permanent Controls is thus responsible for the tasks as Head of the compliance verification function described in Articles 28 *et seq.* of the aforementioned decree for Compagnie de Financement Foncier.

POTENTIAL CONFLICTS OF INTEREST

Any potential conflicts of interest are detailed on page 74 of the 2021 Universal registration document.



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MANAGEMENT REPORT

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MANAGEMENT REPORT

In a context marked by the return of concerns about Covid-19 and an international economic dynamic disrupted by the war in Ukraine, Compagnie de Financement Foncier had a strong first half, which once again demonstrated investor confidence in its model and strategic orientations.

In the past half-year, Compagnie de Financement Foncier issued €1,985bn in *obligations foncières* which, like all its privileged debt, are rated AAA/Aaa/AAA ⁽¹⁾. The rating agencies thereby validate the high quality of the cover pool, the high level of security provided by the *société de crédit foncier* status and the strong additional commitments made by the Company in terms of financial and risk management.

Main transactions of the half-year

ACQUISITIONS AND DISPOSALS

During the first half of 2022, Compagnie de Financement Foncier acquired €3,271m in loans from Crédit Foncier, including related receivables, plus €2m in financing commitments.

Article L. 211-38 of the French Monetary and Financial Code specifies the possibility for an institution to grant a loan to another financial institution, a loan whose repayment is secured by the creation of a guarantee on a group of receivables. Accordingly, Compagnie de Financement Foncier carried loans with its parent company, Crédit Foncier de France in the total amount of €10,901m at June 30, 2022. The same facilities were also granted to BPCE SA, in the amount of €4,560m at June 30, 2022, excluding related receivables. Total loans granted were globally collateralized for €17,886m.

As part of its business of funding eligible assets originated by the Groupe BPCE establishments, Compagnie de Financement Foncier refinanced receivables in the Public sector in the amount of €1,718m, including €482m was in the form of refinancing guaranteed by French local authorities (FLA) loans, as well as financing commitments of €34m.

FINANCING AND CASH MANAGEMENT

In the first half of 2022, Compagnie de Financement Foncier achieved an overall issue volume of €1,985bn, including €480m in private placements.

On the primary market, this half-year was marked by two transactions: in March, a euro issue benchmark with a six-year maturity of €1.25bn, and in April, a CHF issue with a seven-year maturity for an amount in euro equivalent of €255m. This return of Compagnie de Financement

In accordance with its strategic orientations, Compagnie de Financement Foncier is mainly positioned in the refinancing of assets, on behalf of Groupe BPCE entities. The assets refinanced are mainly in the Public sector and similar sectors.

At June 30, 2022, the balance sheet of Compagnie de Financement Foncier totaled €60.5bn and its net income was €65.9m.

Foncier to the Swiss Franc market, after an eight-year hiatus, is a resounding success in view of the very high level of granularity of the order book and the diversity of types of investors (asset managers, cash and insurers) present in the operation, all for significant amounts.

Excluding the Eurosystem, German and Austrian investors remain major contributors to Compagnie de Financement Foncier's issues with nearly 24% of allocations. The CHF issue strengthened the presence of Swiss investors, who account for 28% of the allocations.

Exposure to banks remains significant (nearly 22% of allocations) and asset managers are a recurring base of investors with 17% of investments made.

EARLY REPAYMENTS

The overall rate of early repayments and renegotiations of loans to individuals stood at 11.5%. The amount of early repayments represented €954m in the first half-year 2022.

This has several effects on net banking income:

- the impact of accelerated amortization of acquisition premiums/ discounts is estimated at +€9m over the period;
- the collection of prepayment penalties from individual customers of €12.1m; as a reminder, according to the agreement on services rendered by Crédit Foncier, one third of these penalties is transferred to the latter.

The average early repayment rate on loans to Corporates is 0.4% for the first half of 2022.

1) Standard & Poor's/Moody's/Scope Ratings, updated as of the filing date of this Amendment to the 2021 Universal registration document.

Changes in assets

ASSETS

(in €k)	06/30/2022	12/31/2021
Cash and amounts due from central banks	1,050,000	679,000
Treasury bills and equivalent	3,052,556	3,052,586
Loans and receivables due from credit institutions repayable on demand	17,275,080	22,073,625
■ Sight deposit	50,942	51,508
■ Term deposit	17,224,138	22,022,118
Customer transactions	35,004,390	33,777,035
Bonds and other fixed-income securities	2,994,178	3,086,251
Equity interests and other long-term investments	0	0
Intangible asset and property, plant and equipment	0	0
Other assets	19,709	15,690
Accrual accounts	1,147,294	1,250,744
TOTAL ASSETS	60,543,208	63,934,931

The total balance sheet of Compagnie de Financement Foncier stood at €60.5bn at the end of June 2022, down by €3.4bn, i.e. 5.3% compared with the end of 2021.

The change in the assets of Compagnie de Financement Foncier between these two dates was marked, in particular, by:

- a decrease of €4.8bn in loans and receivables due from credit institutions repayable on demand;
- an increase in customer transactions (+€1.2bn).

HOME LOANS

Outstanding home loans, held directly or pledged via L. 211-38 loans, decreased compared to the end of 2021 due to the natural amortization of inventories and early repayments.

(in €m)	06/30/2022	12/31/2021	Change
Non-commercial mortgage loans (See note 11)	24,958	24,366	+2.4%
Loans to private individuals guaranteed by real estate loans under L. 211-38 (See note 22)	4,410	6,567	-32.9%
TOTAL	29,368	30,933	-5.1%

GROUP FUNDING AND ASSIGNMENT OF RECEIVABLES

Compagnie de Financement Foncier offers refinancing of eligible assets to Groupe BPCE entities in the form of true sale disposals or loans collateralized by said assets.

These collateralized loans are classified as term loans and receivables from credit institutions. At the end of the first half, the outstanding amount of these loans amounted to €16.6bn broken down into:

- €10.9bn in loans to Crédit Foncier, mainly guaranteed by receivables from the French local authorities;

- €1.2bn in loans to other Groupe BPCE entities, also guaranteed by receivables from the French local authorities;
- €4.6bn of loans to BPCE as replacement values.

The total amount of guarantees received to cover these loans amounted to €17.9bn at June 30, 2022.

OTHER ASSETS AND ACCRUAL ACCOUNTS

Other assets totaled €19.7m at end-June 2022 compared with €15.7m at December 31, 2021.

The accrual accounts stood at €1.1bn at June 30, 2022, a slight drop compared with December 31, 2021 (€1.3bn).

Changes in liabilities

LIABILITIES

(in €k)	06/30/2022	12/31/2021
Amount due to central banks	0	0
Due to credit institutions	4,365,604	5,009,751
■ <i>Sight deposit</i>	0	0
■ <i>Term deposit</i>	4,365,604	5,009,751
Customer transactions	0	0
■ <i>Sight deposit</i>	0	0
Debt securities	52,245,896	53,673,477
■ <i>Interbank market instruments and negotiable debt securities</i>	0	0
■ <i>Bond issues (obligations foncières)</i>	52,245,896	53,673,477
Other liabilities	220,629	484,649
Accrual accounts	1,658,927	1,541,693
Provisions	12,420	12,425
Subordinated debts	0	0
Reserve for general banking risks	20,000	20,000
Equity excluding reserve for general banking risks	2,019,732	3,192,937
■ <i>Share capital</i>	1,537,460	2,537,460
■ <i>Additional paid-in capital</i>	209,867	343,002
■ <i>Reserves</i>	139,776	134,475
■ <i>Regulated provisions and investment subsidies</i>	0	0
■ <i>Retained earnings</i>	66,694	71,995
■ <i>Income to be allocated</i>	0	0
■ <i>Net income for the period</i>	65,934	106,004
TOTAL LIABILITIES	60,543,208	63,934,931

Amounts due to credit institutions decreased by €0.6bn in the first half of 2022.

Debt securities decreased by €1.4bn compared to the end of 2021.

Shareholders' equity stood at €2bn, down compared with end-2021. Indeed, the Extraordinary General Shareholders' Meeting of Compagnie de Financement Foncier authorized the Company's Board of Directors to reduce the share capital on one or more occasions for a total par value of €1bn. These operations took place in the second quarter and resulted in a capital reduction of €1bn as well as a reduction in the issue premium of €133.13m.

Analysis of the income statement

INCOME STATEMENT

<i>(in €k)</i>	06/30/2022	06/30/2021
Net interest margin	119,046	113,668
Net commissions	12,245	15,827
Other bank operating charges	-1,367	-1,320
Net banking income	129,923	128,175
General operating expenses	-46,076	-54,986
Gross operating income	83,847	73,189
Cost of risk	8,435	1,326
Gross income	92,282	74,515
Gains or losses on fixed assets	0	0
Income before tax	92,282	74,515
Income tax	-26,348	-23,964
NET INCOME	65,934	50,551

NET BANKING INCOME

Net banking income for the first half-year 2022 amounted to €130m, a slight improvement compared to the first half-year 2021, mainly due to a net interest margin, which also increased.

Net commissions, mainly composed of early repayment fees, were down compared to the first half of 2021 in correlation with the fall in early repayment volumes.

GROSS OPERATING INCOME

General operating expenses amounted to €46m, down €9m compared to the first half-year 2021. This reduction is mainly due to a lesser impact of the adjustment in 2021 on the invoicing of Crédit Foncier's fees.

Gross operating income amounted to €83.8m in the first half of 2022 compared to €73.2m in the first half of 2021.

Cash flows

Refer to note 25 "Cash flow statement" in chapter 5 – Financial information (page 107).

COST OF RISK

Cost of risk was a net reversal of €8.4m in the first half of 2022 (compared to a net reversal of €1.3m in the first half of 2021), reflecting the quality of the assets carried on Compagnie de Financement Foncier's balance sheet.

NET INCOME

Net income amounted to €65.9m in the first half of 2022, compared to €50.6m in the first half of 2021.

Risk factors

The banking and financial environment in which Compagnie de Financement Foncier operates exposes it to different types of risk and requires it to implement a demanding and rigorous policy to monitor and control these risks.

Compagnie de Financement Foncier's business model is, by its very nature, highly secured. The legislative framework prevents it from holding a trading book, which protects it against market risks associated with proprietary trading, and from holding interests in affiliates.

Some of the risks faced by Compagnie de Financement Foncier are described below. This is not an exhaustive list, but a list of the risks considered to be the most significant in terms of their probability of occurrence and their potential impact.

Other risks not identified to date or considered today as non-material for Compagnie de Financement Foncier could have an unfavorable impact on its business, financial position, and/or results.

CREDIT AND COUNTERPARTY RISKS

DEFAULT AND COUNTERPARTY RISKS

A substantial increase in expenses for impairment of assets recognized in the portfolio of loans and receivables of Compagnie de Financement Foncier could impact its income and its financial situation.

As part of its activities, Compagnie de Financement Foncier conducts regular asset impairments in order to reflect, if necessary, actual or potential losses in its portfolio of loans and receivables, which are recognized in its income statement under "Cost of risk". The overall level of asset impairment is based on the valuation of the guarantees associated with the loans, Compagnie de Financement Foncier's assessment of the history of loan losses, the volumes and the types of loans made, industry standards, arrears on loans, economic conditions and other factors related to the degree of recovery of various types of loans.

Compagnie de Financement Foncier is exposed to any substantial increase in charges for losses on loans, material change in its risk of loss estimate associated with the portfolio of unimpaired loans, or any loss on loans exceeding the recognized charges. These variations could have an adverse impact on Compagnie de Financement Foncier's results and profitability.

However, this risk is limited because as a *société de crédit foncier*, Compagnie de Financement Foncier must respect strict rules regarding the choice of the assets it holds, by verifying in particular the credit quality of its counterparties and ensuring that guarantees are in place.

In addition to these risk management procedures, Compagnie de Financement Foncier could, under certain extreme circumstances, be forced to recognize significant losses:

- on its portfolio of real estate loans to Individuals (€27.7bn) in the event of a sharp rise in defaults combined with a sudden and significant drop in the value of the properties used to guarantee these loans;

- in the case of the default of a public entity to which Compagnie de Financement Foncier has significant exposure, in particular Italy, the United States and Switzerland.

Further, Compagnie de Financement Foncier's cost of risk was reversed by €8.4m at June 30, 2022. For further information, please refer to the 2021 Universal registration document of Compagnie de Financement Foncier (page 60).

The degradation of the financial stability and performance of other financial institutions and market players could have an unfavorable impact on Compagnie de Financement Foncier.

The ability of Compagnie de Financement Foncier to carry out its transactions could be affected by the financial deterioration of other financial institutions and market players. The financial institutions are closely interconnected, in particular due to their netting, counterparty and financing activities. The default of an industry player, even simple rumors or questions concerning one or more financial institutions or the financial industry in general, can cause a generalized shrinking of liquidity in the market and thereafter lead to additional losses or defaults.

Compagnie de Financement Foncier is exposed to different financial counterparties, such as commercial or investment banks and central counterparties with which it ordinarily conducts transactions, whose default or failure to meet any of their commitments could have an unfavorable impact on the financial situation of Compagnie de Financement Foncier. This risk would be exacerbated if the assets it holds as collateral could not be sold or if their sale price did not cover all of Compagnie de Financement Foncier's expenses in respect of defaulted exposures or derivatives.

At June 30, 2022, Compagnie de Financement Foncier's balance sheet amounted to a total €60.5bn. The breakdown of Compagnie de Financement Foncier's outstanding assets/liabilities with regard to credit institutions and central banks is as follows:

ASSETS

Including:	(in €m)
Cash and amounts due from central banks	1,050
Loans and receivables due from credit institutions repayable on demand	17,275

LIABILITIES

Including:	(in €m)
Amount due to central banks	0
Due to credit institutions	4,366

CONCENTRATION RISK

The volume of exposures to the Public sector is mainly concentrated in France, while abroad, the exposure of Compagnie de Financement Foncier to the Public sector is subject to a few significant individual concentrations, particularly Italy for sovereigns. As a reminder, Compagnie de Financement Foncier ceased its International public sector loan purchasing activity several years ago.

The real estate loans recognized in Compagnie de Financement Foncier's balance sheet are mainly composed of residential loans (assets with high granularity) produced primarily in France. In the event that the French real estate market suffers a significant downturn, this could have adverse consequences on the quality of Compagnie de Financement Foncier's portfolio of real estate assets.

COUNTRY RISK

Compagnie de Financement Foncier could be vulnerable to political, societal, macroeconomic and financial risk or to special situations in the countries in which it operates.

Compagnie de Financement Foncier is exposed to country risk, which is the risk that a foreign country's economic, financial, political or social conditions impact its financial interests. Due to the geographic diversification of its assets, Compagnie de Financement Foncier is particularly sensitive to the economic environment in France and other specific countries.

The European markets can experience disturbances that impact economic growth and can impact the financial markets.

A serious economic disruption could have a significant negative impact on the operations of Compagnie de Financement Foncier, in particular if the disruption is marked by a significant drop in financial market liquidity, making it more difficult to carry out the funding activity provided by Compagnie de Financement Foncier on behalf of Crédit Foncier and Groupe BPCE.

Compagnie de Financement Foncier has significant exposure to international public entities, in particular in Italy, the United States and Switzerland. These are subject to different macroeconomic influences, (actions of local central banks, structural reforms, etc.) that could, in the long term, affect the quality of the loans concerned.

However, the review of international counterparties suggests a low probability of occurrence of the risk, with an expected moderate final direct impact on Compagnie de Financement Foncier.

The international exposure of Compagnie de Financement Foncier was €7.6bn at June 30, 2022, compared to €7.7bn at December 31, 2021, and can be divided between:

- Italian and Polish Sovereigns for €2.5bn (before hedging swaps). Compagnie de Financement Foncier's whole International sovereign portfolio enjoys an internal rating of at least A-;
- the outstanding amount of the IPS portfolio (excluding sovereign) and Large Corporates for €3.9bn, virtually stable compared to December 31, 2021(€4.0bn). It may be noted that 71% of this portfolio has an internal rating of at least A;
- outstanding amounts in the portfolio counter-guaranteed by monoline insurers on IPS, Large Corporates and Sovereign exposures for €1.04bn. Compagnie de Financement Foncier has no direct exposures to monoline insurers but does have credit enhancements acquired from them for certain assets in the portfolio.

FINANCIAL RISKS

INTEREST RATE AND OPTIONS RISKS

Significant volumes of early repayments could unfavorably impact the net banking income and the profitability of Compagnie de Financement Foncier.

The prolonged period of decline in interest rates over the last few years increased the number of property borrowers renegotiating their interest rates, therefore generating an interest rate downturn of the balance sheet exposures or early repayments.

Compagnie de Financement Foncier buys *via* its true sale model mortgages to private individuals at market prices.

As soon as an asset is recorded on the balance sheet, it is transformed, if necessary, into a variable-rate asset in euros. Similarly, the debt issued by Compagnie de Financement Foncier is micro-swapped at the outset to transform it into euro-denominated variable rate liabilities.

Early repayments and renegotiations of outstanding loans to Individuals on Compagnie de Financement Foncier's balance sheet represented 11.5% of outstanding loans at June 30, 2022, compared to 10.1% at December 31, 2021.

CREDIT SPREAD RISKS

Compagnie de Financement Foncier's funding cost could be affected by a drop in the credit rating levels of its assets, its *obligations foncières* or its parent company.

In order to maintain a competitive funding cost, Compagnie de Financement Foncier strives to maintain the AAA credit rating of its *obligations foncières*. With this in mind, it carefully selects its assets (acquired or pledged) and manages its overcollateralization level in relation to the outstanding *obligations foncières*.

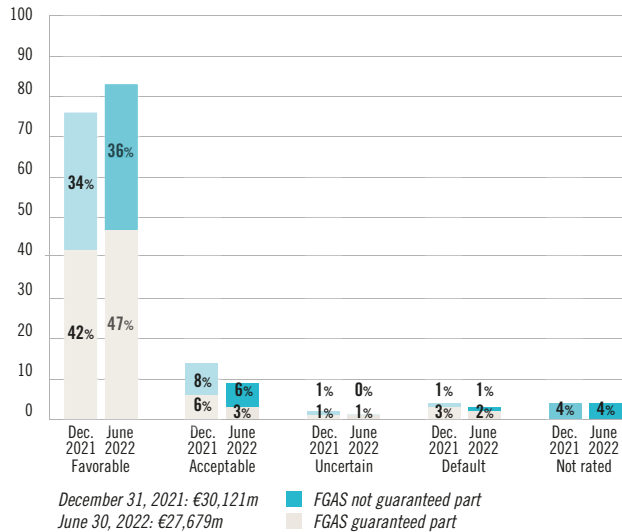
In the event of a severe financial crisis, the downgrading of the credit ratings of assets on the balance sheet or provided as collateral to Compagnie de Financement Foncier could end up calling into question the AAA rating of its *obligations foncières*. In addition, the deterioration in the credit rating of Crédit Foncier or Groupe BPCE could also ultimately impact the AAA rating of the *obligations foncières*.

The decline in the credit rating of the *obligations foncières* would increase the refinancing cost of Compagnie de Financement Foncier and could potentially impair its profitability.

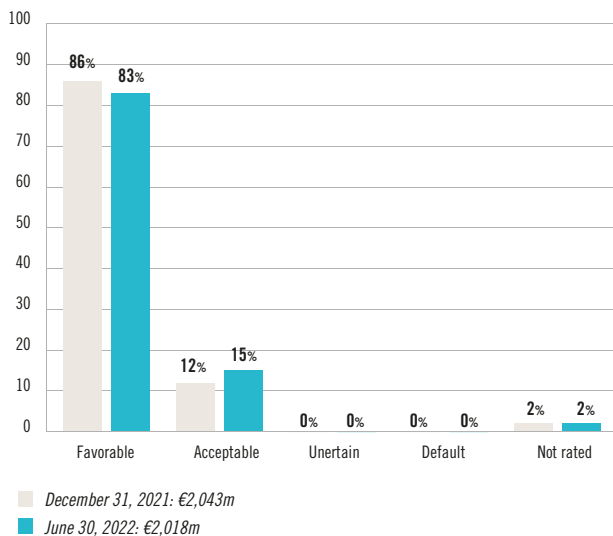
At June 30, 2022, the *obligations foncières* of Compagnie de Financement Foncier were rated AAA/Aaa/AAA with stable outlooks by three rating agencies (S&P, Moody's and Scope Ratings).

The quality of outstandings held by Compagnie de Financement Foncier is of a very high level.

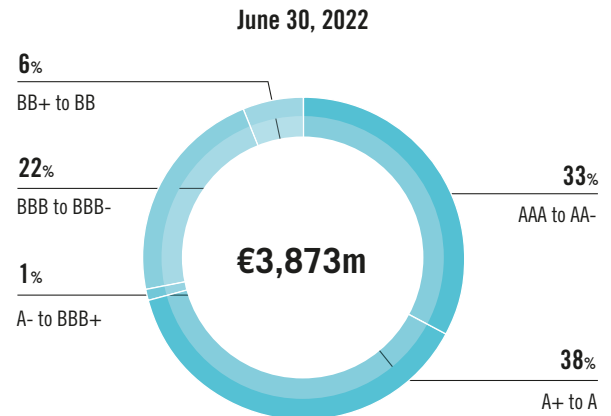
OUTSTANDING MORTGAGE LOANS TO INDIVIDUALS (INTERNAL RATING)



SOCIAL HOUSING PORTFOLIO (BASEL II RATING)



EXPOSURES TO THE INTERNATIONAL PUBLIC SECTOR (EXCLUDING SOVEREIGN) AND LARGE CORPORATES (INTERNAL RATING)



LIQUIDITY RISK

Compagnie de Financement Foncier's liquidity could be affected in the event of a major financial crisis.

Compagnie de Financement Foncier derives its liquidity from several sources:

- the issue of *obligations foncières* on the market;
- the pledging of eligible assets for ECB funding and/or repo transactions;
- the liquidity lines granted by Crédit Foncier and/or Groupe BPCE.

In the event of a major financial crisis, these sources of liquidity could dry up:

- closure of bond markets;
- deterioration of the credit rating of assets acquired or pledged to Compagnie de Financement Foncier making them ineligible for ECB funding and/or repo operations;
- reduction of liquidity lines granted by Crédit Foncier and/or Groupe BPCE.

Nevertheless, Compagnie de Financement Foncier holds, as of June 30, 2022, €10.4bn (before haircut) in assets that may be pledged with the ECB and can use its cash, replacement values or assets eligible for the Banque de France's intraday credit transactions to meet the contractual maturities of all of its privileged debts, for a period of at least 180 days.

The Company's excess liquidity situation can also be identified using the Liquidity Coverage Ratio (LCR), which illustrates the institution's ability to cope with short-term liquidity stress.

Compagnie de Financement Foncier's LCR complies with the 100% limit applicable since January 1, 2018. At June 30, 2022, Compagnie de Financement Foncier had a liquidity reserve of €2.7bn against a Net Cash Outflow (NCO) of €1.1bn over 30 days.

STRATEGIC, BUSINESS AND ECOSYSTEM RISKS

STRATEGIC AND BUSINESS RISKS

Compagnie de Financement Foncier could be affected by an operational risk linked to Crédit Foncier's failure to adhere to the agreements it has entered into.

Given its status as a *société de crédit foncier*, Compagnie de Financement Foncier depends on resources supplied by its parent company to pursue its current activities and in particular, for management of mortgage loans. In accordance with agreements concluded between Crédit Foncier and Compagnie de Financement Foncier (including an agreement on debt management and recovery, an administrative and accounting management agreement, a service agreement on internal control and compliance, an agreement related to the implementation of information technology services, an agreement related to settlement bank services, the asset-liability management and financial services agreement), Crédit Foncier is responsible for monitoring Compagnie de Financement Foncier's credit risks, counterparty risks, interest rate and foreign exchange risks, market risk, operational risk and liquidity and settlement risk.

Even if it does not seem very probable, Compagnie de Financement Foncier could be exposed to the risk of noncompliance by Crédit Foncier with the agreements binding it to Compagnie de Financement Foncier. If this risk materializes, it could result in a severe, negative impact for Compagnie de Financement Foncier (cessation of activities, related image risk).

However, this risk is well-managed in the relations between the two establishments. Operational risks, as defined by the decree of November 3, 2014, are monitored by Crédit Foncier in the name and on behalf of Compagnie de Financement Foncier. It is represented in the Operational Risks Committee. Material Operational Risk incidents relating to it and involving an amount greater than €300k are also presented to the Executive Risk Committee of Compagnie de Financement Foncier.

The provision of these services by Crédit Foncier is subject to the controls defined at the start of the year by each Crédit Foncier division. These control plans are validated by the Internal Control Committee chaired by the Chief Executive Officer. The results of the controls are regularly presented to this committee.

Furthermore, the Specific Controller of Compagnie de Financement Foncier performs controls in addition to the aforementioned controls and those carried out by the Statutory Auditors.

Finally, Crédit Foncier's Risks and Compliance department and Compagnie de Financement Foncier's employees in charge of monitoring hold discussions regularly and at least at each quarterly meeting.

The coronavirus (Covid-19) pandemic and its economic consequences could ultimately impact Crédit Foncier's activities and results as a service provider to Compagnie de Financement Foncier.

The persistence of the Covid-19 pandemic since the end of 2019 and the appearance of new variants have led to the taking of new measures in France, at the European level and in other countries. Despite the favorable development of vaccination, the evolution of the epidemic continues to surprise. The economic environment could therefore still be impacted and negatively affect Crédit Foncier's activities, financial performance and results and those of Compagnie de Financement Foncier.

More generally, the pandemic poses a risk to Crédit Foncier's activities, results and financial position, insofar as it:

- has caused organizational changes (remote working, for example) that may lead to an operational risk;

- could lead to a slowdown in trade on the money markets, which could have an impact on liquidity;
- could increase customers' liquidity requirements and, in particular, the amounts loaned to these customers to enable them to withstand the crisis;
- could cause an increase in corporate defaults, particularly among the weakest corporations or in the sectors with the highest exposure;
- could cause violent upheavals in the valuation of market assets, which could impact market activities and therefore funding activities.

The evolution of the Covid-19 situation is a source of uncertainty, as its real consequences on economic actors have not yet had their full impact due to the massive support measures put in place by Europe and the Member States.

At this stage, the impacts of Covid-19 on Crédit Foncier's business lines (loan management and funding for Groupe BPCE), its results (net banking income and cost of risk, in particular) and its financial situation (liquidity and solvency) are not significant, but the future consequences on Crédit Foncier's economic clients when the support measures are gradually phased out could be material, although difficult to quantify at this time.

It is therefore likely that the effects of Covid-19 will be delayed and will actually be observed and quantifiable in 2022, or even 2023 or 2024. To date, late payment and default rates have remained very stable.

ECOSYSTEM RISKS

MACROECONOMIC RISKS

In Europe, the recent economic and financial environment could have an adverse impact on the businesses of Compagnie de Financement Foncier and the markets in which it operates.

If the economic or market conditions in France or elsewhere in Europe were to deteriorate, the markets in which Compagnie de Financement Foncier operates could experience disruptions and its activity, its results and its financial position could be unfavorably affected.

A deterioration in the international macroeconomic situation would impact the refinancing model by changing the behavior of investors, who would adopt more cautious asset allocation with more liquidity: Compagnie de Financement Foncier would then potentially issue more limited volumes of *obligations foncières* with higher margin levels, which would reduce Compagnie de Financement Foncier's net banking income. In terms of assets, Compagnie de Financement Foncier has a portfolio of €53.0bn exposed to France (87.5% of the outstanding amounts at June 30, 2022) and €7.6bn internationally (12.5% of the outstanding amounts at June 30, 2022), mainly public in nature. A deterioration in the international macroeconomic situation would weaken some borrowers, who could then face bad debt or default situations, which would lower the net banking income of Compagnie de Financement Foncier.

REGULATORY RISK

In essence, Compagnie de Financement Foncier's activity, which is focused primarily on the issuance of *obligations foncières*, is governed by strict regulations, which must be complied with. Regulatory risk could weigh on Compagnie de Financement Foncier's business outlook.

Laws and regulatory measures proposed to avoid or mitigate the effect that new financial crises could have a material financial impact on Compagnie de Financement Foncier and on the financial and economic environment in which it operates.

Laws and regulations have been enacted or proposed to introduce a series of changes to the global financial framework, some of which are permanent. They are likely to change the environment in which Compagnie de Financement Foncier and other financial institutions operate. Some of these measures could also increase the financing costs of Compagnie de Financement Foncier.

Without being exhaustive, one can cite the following measures, either approved or under consideration: changes in regulations relating to covered bonds, new methodologies for credit risk weighting, creation of regulatory bodies or the enhancement of the resources of existing bodies, taxes on financial transactions, etc. Some of these measures are only at the draft stage and their contents will probably be revised and interpreted, in particular for reasons of compliance with national prudential policies in each country.

Some of these measures could also increase the issuer's fixed costs.

Compagnie de Financement Foncier's business consists mainly of issuing *obligations foncières* in the markets to fund the lending activities of Groupe BPCE entities and Crédit Foncier's historical outstanding loans.

The measures mentioned could result in an increase in minimum capital, increased provisioning of outstandings, a reduction in the scope eligible for refinancing by obligations foncières, and the inclusion in the overcollateralization ratio of the liquidity required to cover the costs of operation of the structure in run-off mode, more detailed and frequent reporting obligations requiring more resources.

The Covered Bond directive (directive (EU) 2019-2162), transposed into French law in mid-2021 and applicable from July 8, 2022, generated some very moderate impacts on Compagnie de Financement Foncier's overcollateralization ratio: the eligibility of some assets was reduced and the management and maintenance fees to extinction of the privileged liabilities had to be added to the denominator of the said ratio. The adjustments are small and Crédit Foncier provides additional eligible assets to maintain the overcollateralization ratio at a comfortable level.

NON-FINANCIAL RISKS

SECURITY AND INFORMATION SYSTEM RISKS

An interruption or failure of computer systems of Compagnie de Financement Foncier or of third parties could lead to losses and costs.

Like most financial institutions, groupe Crédit Foncier, including Compagnie de Financement Foncier, relies heavily on its communication and information systems. Its activities require the industrial processing of a very large number of transactions of varying complexity. Any breakdown, interruption or failure in these systems could result in errors or interruptions in the customer management, general accounting, deposit, transaction and/or loan processing systems.

These interruptions or failures could potentially have significant consequences for Compagnie de Financement Foncier's business. In a general context where the cyber risk is assessed as high, all Groupe BPCE measures are implemented to reduce the probability of its occurrence and any negative effects.

Compagnie de Financement Foncier is closely dependent on the communication and information systems implemented by BPCE-IS and BPCE-IT (Groupe BPCE's internal service providers), which are committed as part of third-party application maintenance.

The Head of Information Systems Security (RSSI) for groupe Crédit Foncier is also in charge of the same area for Compagnie de Financement Foncier. Thus, the governance of Crédit Foncier's information systems is mainly organized around:

- an Information Systems Security Policy (ISSP) specific to Crédit Foncier, and its application by area as underpinned by the Security Policy and the rules of Groupe BPCE;
- a dedicated governing body with the Internal Information Systems Security Committee (IISSC) chaired by a Deputy Chief Executive Officer;
- an outreach plan to raise awareness about cyber risks and security risks among all employees;
- a permanent control mechanism for Information Systems Security, combined with a half-yearly security report (security indicators);
- indicators of the level of security of Crédit Foncier's IS and, by extension, of that of Compagnie de Financement Foncier.

This system is usefully supplemented by the resources of Groupe BPCE, which reinforce it with:

- the use of the BPCE-IT operational security center, which has monitoring tools and systems to supervise atypical or threatening security events;
- the VIGIE system, a community of IS Security players at Groupe BPCE;
- Groupe BPCE's CERT (Alert and Response Center for Computer Attacks), which monitors and assesses the level of cyber risks and responds to identified external threats.

Thus, the main risk factors in Information System Security (ISS) can be addressed through the following items:

- **availability of the information system and resources:** in order to control this risk factor, a Contingency and Business Continuity Plan system was integrated into the Business Continuity Plan and then deployed. It is currently in the maintenance in operational condition phase. It is subject to annual tests, at a minimum, and demonstrated its efficacy in the wake of the Covid-19 crisis. The IT Business Recovery Plan (PRA) is organized by the Group's operators, BPCE-SI and BPCE-IT.

The residual risk relating to the availability of the service is low given the measures put in place and tested regularly. However, the risk of flooding moderates this risk very slightly upwards in view of the location of the Crédit Foncier premises, which house Compagnie de Financement Foncier;

- **integrity of the information, processing and data system:** with the outsourcing of its information systems within Groupe BPCE, the integrity of its information system is ensured by its two IT service providers, BPCE-SI and BPCE-IT. However, the RSSI exercises regular control over the processing and actions carried out in terms of IS security by these two service providers. The summary of this security monitoring is presented to the appropriate governing bodies.

The residual risk in terms of integrity is rated as low: the integrity guarantee mechanisms implemented by the IT Factories (BPCE-IT and BPCE-SI) can provide reasonable assurance in terms of the robustness and coverage of this factor. The tests that have been carried out and the feedback on the control devices from the operator confirm this;

■ **processing and data confidentiality:** this factor is the subject of continuous action and monitoring, both operationally through measures restricting access to data and processing and in terms of control, with regular reviews of access to processing and data. This monitoring is carried out by a specific committee chaired by a Deputy Chief Executive Officer.

The residual risk in terms of confidentiality is medium, taking into account the provisions presented above. The control of rights reviews according to the principle of least privilege and separation of duties and the provisions for controlling data leaks (closure of USB ports, strengthening of password policies, management of high privilege accounts) also lead to better control of this risk;

■ **proof system:** this risk is addressed through the implementation, by its two IT service providers, of traceability systems for transactions carried out on Crédit Foncier's IS and, therefore, on that of Compagnie de Financement Foncier together with a log of transactions carried out by users.

The residual risk relating to the proof is medium: the mechanisms for logging both technical and business transactions are tested regularly for operational needs. It should be noted that aspects related to the General Data Protection Regulation (GDPR) are likely to increase the control of this risk.

In summary, the residual risk, given the measures and monitoring in place, has a low probability of occurrence. It is rated as medium for Crédit Foncier and, therefore, by extension, for Compagnie de Financement Foncier.

Credit risk analysis

OVERALL ANALYSIS

Compagnie de Financement Foncier is mainly exposed to credit risk and counterparty risk. The exposure to this type of risk, however, is limited by:

- the rigorous selection of its assets and counterparties;
- the presence of guarantees on its exposures, in accordance with the legal framework applicable to *sociétés de crédit foncier*;
- specific internal control environment within groupe Crédit Foncier's own control environment, and more broadly within that of Groupe BPCE.

LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS REPAYABLE ON DEMAND

No loan or receivable due from credit institutions repayable on demand was reclassified as doubtful in the first half of 2022. Out of the €17.2bn in loans and receivables due from credit institutions repayable on demand, €16.6bn are loans to Groupe BPCE entities. Moreover, these loans are fully secured by receivables, in accordance with Article L. 211-38 of the French Monetary and Financial Code.

The creditworthiness of all Groupe BPCE entities, together with the quality of the receivables posted as collateral, thereby greatly limit the risk associated with this exposure.

LEGAL AND REPUTATIONAL RISKS

Reputational risk, risk of misconduct and legal risk could impact the profitability and the business outlook of Compagnie de Financement Foncier.

The reputation of Compagnie de Financement Foncier is critical for ensuring its loan funding business – mainly in the Public sector – originated by Groupe BPCE establishments. As such, inadequate management of potential conflicts of interest, legal and regulatory requirements, ethical problems, laws concerning money laundering, the fight against terrorism, the requirements of economic sanctions, policies regarding data security and practices linked to methods of managing its activity, or any other poor conduct, could stain the reputation of Compagnie de Financement Foncier.

Any inappropriate behavior of an employee of Crédit Foncier, any fraud, misappropriation of funds or any other wrongdoing committed by any player in the financial sector to which Compagnie de Financement Foncier is exposed, any decrease, restatement or correction of financial results, or any other legal or regulatory action with a potentially unfavorable outcome could also damage its reputation. Any harm to the reputation of Compagnie de Financement Foncier could be accompanied by a loss of business, which could threaten its results and its financial position.

Compagnie de Financement Foncier's activity relies on the confidence of markets and investors. Inadequate management of reputation risk could impact the conditions under which it carries out its bond issues.

Inadequate management of these aspects could also increase the legal risk of Compagnie de Financement Foncier or expose it to sanctions from an authority.

For further information, please refer to the 2021 Universal registration document of Compagnie de Financement Foncier (page 132).

LOANS AND RECEIVABLES DUE FROM CUSTOMERS

Loans and receivables due from customers amounted to €35bn at June 30, 2022, including €0.8bn of doubtful loans, compared with €33.8bn and €1.3bn, respectively, at December 31, 2021. Doubtful loans remained almost exclusively concentrated on home loans for 99.9%. Correspondingly, out of a total of €35.16m in impairments at June 30, 2022, €35.12m concern home loans.

HELD-TO-MATURITY SECURITIES

Outstanding held-to-maturity securities amounted to €5.98bn at June 30, 2022.

None of these securities were reclassified as doubtful or impaired in 2022.

The outstanding amounts in terms of net carrying amount (excluding accrued interest and after premiums or discounts) break down between Italy (47%), the United States (25%), France (7%), Japan (7%), Poland (5%), Spain (4%), Canada (4%) and other countries with non-material amounts (1%).

Financial risk analysis

INTEREST RATE AND FOREIGN EXCHANGE RATE RISK

Compagnie de Financement Foncier has no open currency positions except for a few very small ones resulting from adjustments inherent in any hedging transaction. Transactions initiated in non-euro currencies are swapped into euro at the moment of their execution.

Due to the implementation of a set of hedging mechanisms, Compagnie de Financement Foncier is subject to very little interest rate risk.

As soon as an asset is recorded on the balance sheet, it is transformed, if necessary, into a variable-rate asset in euros. Macro-hedging swaps are entered into when acquiring loan portfolios, micro-hedging swaps are entered into for every transaction of significant size. Similarly, the debt issued by Compagnie de Financement Foncier is micro-swapped at the outset to transform it into euro-denominated variable rate liabilities.

The interest rate position is also reviewed each quarter and transactions to adjust hedging are carried out as necessary to maintain the rate gaps within the tight limits which Compagnie de Financement Foncier has set. The basic risks, resulting from different reference rates on positions already transformed into variable rates by swaps, are also managed through macro-hedges.

All of the counterparties to these currency or interest rate swaps have concluded collateralization agreements with Compagnie de Financement Foncier that require them to provide a security deposit to the benefit of the Compagnie de Financement Foncier in case of a debit position and depending on their rating. In the majority of cases, these margin calls are made on a daily basis.

If the opposite situation occurs, these agreements stipulate that Compagnie de Financement Foncier shall not deposit any collateral. As of June 30, 2022, the amount of deposits received was €0.1bn.

Because of these ALM principles, Compagnie de Financement Foncier holds significant amounts of outstanding financial instruments for micro- and macro-hedging of interest rates and currencies.

At June 30, 2022, micro- and macro-hedging instruments amounted to €61bn, of which €50.57bn in interest rate swaps and €10.4bn in currency swaps; this compares with €60.3bn at December 31, 2021, of which €49.6bn in interest rate swaps and €10.7bn in currency swaps.

Information on internal control

For all information related to internal control, please refer to the 2021 Universal registration document of Compagnie de Financement Foncier (pages 87-92).

Regulatory and prudential information

Compagnie de Financement Foncier publishes a Risk Management report in which all the ratios and indicators applicable to *sociétés de crédit foncier* are disclosed in accordance with the regulations in force.

Given the management rules of Compagnie de Financement Foncier, changes in the interest rate position are a result of events not known when the transaction was entered into and which occurred during the term of the contract. These consist mainly of early repayments of fixed-rate loans granted to private individuals in the competitive sector.

As the date of the event is not predictable, and the repayment fees received by the lender are capped by law, Compagnie de Financement Foncier cannot completely cover the original risks incurred.

Mortgage interest rates rose significantly and rapidly in the first half-year 2022, while remaining relatively low, with an average 20-year rate (source: *Observatoire Crédit Logement*) rising from 0.99% at the end of 2021 to 1.49% at the end of June 2022. Overall, in the first half-year 2022, loans to individuals recorded an average rate of early repayments and renegotiations of 11.5%, a slight increase compared to 2021 (10.1%).

Compagnie de Financement Foncier's interest rate risk is monitored by calculating interest rate gaps subject to very tight limits per observation period. Should any of these limits be exceeded, the situation is corrected by means of a macro-hedging adjustment.

LIQUIDITY RISK

The very prudent liquidity management policy continued in the first half of 2022. In addition to its cash, Compagnie de Financement Foncier may pledge significant eligible assets to meet the contractual maturities of its privileged debts, for at least six months, without new resources.

At June 30, 2022, Compagnie de Financement Foncier had cash of €1.1bn, of which €1.05bn with Banque de France, and €4.6bn loaned to BPCE for a maximum of 60 days and fully guaranteed by a loan portfolio.

Compagnie de Financement Foncier's liquidity ratio, required since October 1, 2015 following the transposition into law of the applicable regulations of the CRD IV directive, known as the "LCR" ratio (Liquidity Coverage Ratio), has moreover always been above 110% since that date.

Furthermore, this report includes additional information on the risk supervision of Compagnie de Financement Foncier.

For more information, please refer to chapter 4 – "Risk Management Report" in this Amendment to the 2021 Universal registration document (pages from 43 to 69).

Other information

SUPPLIER PAYMENT PERIODS (ARTICLE L. 441-14 OF THE FRENCH COMMERCIAL CODE) ⁽¹⁾

Compagnie de Financement Foncier complies with regulations on supplier payment periods, in accordance with the LME Act (economic modernization act) of August 4, 2008, which requires that suppliers are paid within 60 days from the date on which the invoice is issued.

Most of Compagnie de Financement Foncier's management is outsourced to Crédit Foncier, and billed by the latter. The breakdown of the amount of supplier invoices received and not yet paid at the close of the fiscal year is presented in note 16 – "Other liabilities" of the separate financial statements of Compagnie de Financement Foncier.

CUSTOMER PAYMENT PERIODS (ARTICLE L. 441-14 OF THE FRENCH COMMERCIAL CODE) ⁽¹⁾

There was no customer receivable not part of the banking business on Compagnie de Financement Foncier's balance sheet as of June 30, 2021.

INFORMATION ON SUBSIDIARIES AND EQUITY INVESTMENTS

Not applicable. As a *société de crédit foncier*, Compagnie de Financement Foncier is prohibited by law from holding equity investments.

EMPLOYEE PARTICIPATION IN THE SHARE CAPITAL

Not applicable. Compagnie de Financement Foncier does not have any employees of its own.

Post-balance sheet event

No post-balance sheet event liable to have a material impact on the financial statements at June 30, 2022 occurred between the closing date and July 28, 2022, the date on which the Board of Directors approved the financial statements.

Outlook

Compagnie de Financement Foncier intends to continue its development in the second half of 2022, in line with the strategic guidelines of Groupe BPCE and for its benefit:

- continued development and management of a network of investors in covered bonds rated AAA (by rating agencies);
- continued growth of funding of eligible loans originated by Groupe BPCE entities, by way of true sale assignments or through collateralized loans;
- active management of its assets in order to maintain their high quality, while preserving their profitability;
- continued optimization of financial risk hedging.

Social and environmental information

For all social, environmental and societal information, please refer to the 2021 Universal registration document of Compagnie de Financement Foncier (page 94).

INFORMATION ON ESTABLISHMENTS AND ACTIVITIES

Not applicable. Compagnie de Financement Foncier does not have any premises of its own.

INVESTMENTS

Compagnie de Financement Foncier did not make any major investments (investment of over €30m requiring a qualified majority of the Board of Directors) during the fiscal year.

To the best of the Company's knowledge, there is no agreement providing for the realization of such an investment in the future.

For further information, please refer to the 2021 Universal registration document of Compagnie de Financement Foncier (page 93).

RESEARCH AND DEVELOPMENT

No research and development activity was carried out by Compagnie de Financement Foncier in the first half of 2022.

MAIN RISKS AND UNCERTAINTIES

The information on the main risks and uncertainties can be found in chapter 4 – "Risk Management Report" in this Amendment to the 2021 Universal registration document (pages 33 to 60).

1) The information below does not include banking and related transactions.



4

THE COMPANY'S RISK MANAGEMENT REPORT

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GOVERNANCE AND RISK MANAGEMENT SYSTEM

Organization of the Risk, Compliance and Permanent Control Coordination departments

The Risk and Compliance Division of Crédit Foncier is responsible for internal control and compliance for Compagnie de Financement Foncier. It is composed of:

- Financial Control;
- the Credit Risk department;
- the Financial Risks department;
- the Risk Governance department;
- the Compliance and Permanent Control department (DCCP);
- the Business Security department.

This division reports to a Chief Risk Officer of Crédit Foncier.

Crédit Foncier's Risk and Compliance Division is an integral part of the risk framework of Groupe BPCE. Compagnie de Financement Foncier relies on the systems and the network organization set up at Crédit Foncier.

ORGANIZATION OF GROUPE CRÉDIT FONCIER'S RISK DEPARTMENT

Crédit Foncier's Risk department, which reports functionally to BPCE's Risk department, covers Compagnie de Financement Foncier. The institution's risk policy has been formally set out in a document describing its various responsibilities and its organization, which serves as a framework for the development of its activities, including activities carried out on behalf of Compagnie de Financement Foncier and the management of the capital of groupe Crédit Foncier entities.

In the specific case of Compagnie de Financement Foncier, the Risk department conducts its activities within the framework of the agreements signed between Crédit Foncier and its *société de crédit foncier*. The Risk department reports on its activities to the Risk Executive Committee, Risk Committee and to Executive Management of Compagnie de Financement Foncier.

The Institutional Relations Division, which is in charge of monitoring Compagnie de Financement Foncier's outsourced services and, therefore, the proper implementation of the agreements signed with Crédit Foncier, is an integral part of groupe Crédit Foncier's Internal Control arrangements.

MAIN RESPONSIBILITIES OF THE RISK COMMITTEES

Compagnie de Financement Foncier is part of the overall risk policy of Crédit Foncier. The Executive Risk Committee of Compagnie de Financement Foncier and the Internal Control Committee of Crédit Foncier are the umbrella committees that define the risk policy and the risk monitoring, surveillance and control system.

Compagnie de Financement Foncier's **Risk Executive Committee** is chaired by its Chief Executive Officer. Meeting at least quarterly, its main responsibilities are to deal with:

- the general risk policy;
- analyzing and monitoring the institution's overall risk profile based on the results of the rating, risk measurement and assessment systems (stress scenarios, etc.) and its main exposures;
- measuring the quality of its commitments on the basis of summary reports;
- risk management: monitoring risk, reviewing regulatory and specific ratios, monitoring the burden of risk, producing and analyzing stress scenarios, and monitoring capital.

The **Internal Control Committee**, chaired by the Chief Executive Officer of Crédit Foncier, meets at least four times a year and comprises the representatives of control functions. This committee has the following duties:

- ensure the proper organization and completeness of the permanent controls of the activities, and the effectiveness of the monitoring and control mechanisms for risks;
- coordinate actions to ensure risk control, the compliance of operations and internal procedures, quality, availability of information processed by the Information System (IS) and the security of those systems;
- ensure that deficiencies identified at any stage of the control process (including the recommendations issued by the auditors) are resolved and monitored;
- act as a Volcker Committee under the US Dodd-Frank Wall Street Reform and Consumer Protection Act, which has added a new section 13 to the US Bank Holding Company Act of 1956 (BHC Act), commonly referred to as "Volcker Rule".

The **Balance Sheet and Liquidity Management Committee** (CGBPL) is a general policy committee responsible for the asset-liability management of the various entities of Crédit Foncier's consolidated scope, within the limits set by the Executive Management and within the framework of the rules of Groupe BPCE. A dedicated CGBPL, chaired by the Chief Executive Officer of Compagnie de Financement Foncier, carries out its duties within its scope.

The implementation of the orientations and management decisions taken in this body is ensured through:

- the **Cash Flow Committee**, which meets twice a month and ensures operational liquidity management;
- the **Financial Management Committee**, for the monitoring and operational management of interest rate risk, implementation of current derivative compression operations and for current disposal/assignment operations.

ORGANIZATION OF GROUPE CRÉDIT FONCIER'S COMPLIANCE AND PERMANENT CONTROL DEPARTMENT

Crédit Foncier's Compliance and Permanent Control department (DCCP) coordinates Compagnie de Financement Foncier's compliance function in accordance, in particular, with the agreement signed between the two institutions "on internal control and compliance services".

The DCCP covers the following areas:

- compliance and ethics;
- financial security in charge of preventing and dealing with money laundering, financing of terrorism and internal and external fraud risks;
- coordination of permanent controls and permanent level 2 controls of credit management operations;
- operational risks.

Crédit Foncier's DCCP reports functionally to the Group departments running the corresponding departments (in particular, the Group Compliance Division (DCG) and the Group Permanent Control and Accounting Revision Division).

It is independent of all other business lines, in accordance with banking regulations.

Under the umbrella charter on internal control and the risk, compliance and permanent controls charter published on July 30, 2020, the Compliance department is responsible for preventing, identifying, assessing and monitoring risks related to banking compliance, investment services compliance, financial and general ethics.

It acts as "SRBA Volcker Officer" on behalf of groupe Crédit Foncier together with the Financial Risk department.

It reports on its activity and the controls carried out through periodic reports sent to the Institutional Relations department.

This structure works in close collaboration with second-level permanent control teams and the Institutional Relations department, ensuring the existence and effectiveness of the permanent control structure.

ORGANIZATION OF THE INFORMATION SYSTEMS SECURITY DEPARTMENT

The Head of Information Systems Security for groupe Crédit Foncier is also in charge of the Compagnie de Financement Foncier scope.

Governance in terms of Information Systems Security at groupe Crédit Foncier is organized around:

- an Information Systems Security Policy (ISSP) specific to Crédit Foncier, and its thematic variations underpinned by the Security Policy and the rules of Groupe BPCE;
- bodies such as the Internal Security and Continuity Committee (CISC) chaired by a member of Executive Management;
- an outreach plan to raise awareness about cyber-attacks and security risks among all employees;
- a permanent control mechanism for Information Systems Security, combined with a half-yearly security report (security indicators).

ORGANIZATION OF THE BUSINESS CONTINUITY DEPARTMENT

Crédit Foncier's Business Continuity Plan (BCP) and crisis management plan include Compagnie de Financement Foncier's continuity plan. The BCP, which includes the Contingency and Business Continuity Plan (CBCP) is under the responsibility of the Head of Business Security, who reports directly to the Chief Risk Officer of the Risk and Compliance Division of Crédit Foncier.

Compagnie de Financement Foncier has its own BCP Manager, fully integrated in the groupe Crédit Foncier plan.

The business continuity management system is based on:

- a Group business continuity and crisis management policy for Crédit Foncier;
- coordination and control of the internal network by the BCP Manager;
- steering and supervision by the Internal Information Systems Security and Compliance Committee (CISC), which meets every six months and is chaired by Crédit Foncier's Deputy Chief Executive Officer;
- BCP correspondents in charge of the operational maintenance of the continuity plans for the preserved activities of their scope;
- mobilizable business line experts identified by critical activity;
- crisis management by the crisis decision unit and the operational unit, which can be mobilized by the BCP Manager;
- awareness-raising campaigns for all employees.

ORGANIZATION OF THE PERSONAL DATA PROTECTION SYSTEM

Crédit Foncier's Personal Data Protection Officer (DPO) also works within the scope of Compagnie de Financement Foncier. He ensures compliance with the General Data Protection Regulation (GDPR).

Data protection governance is organized around:

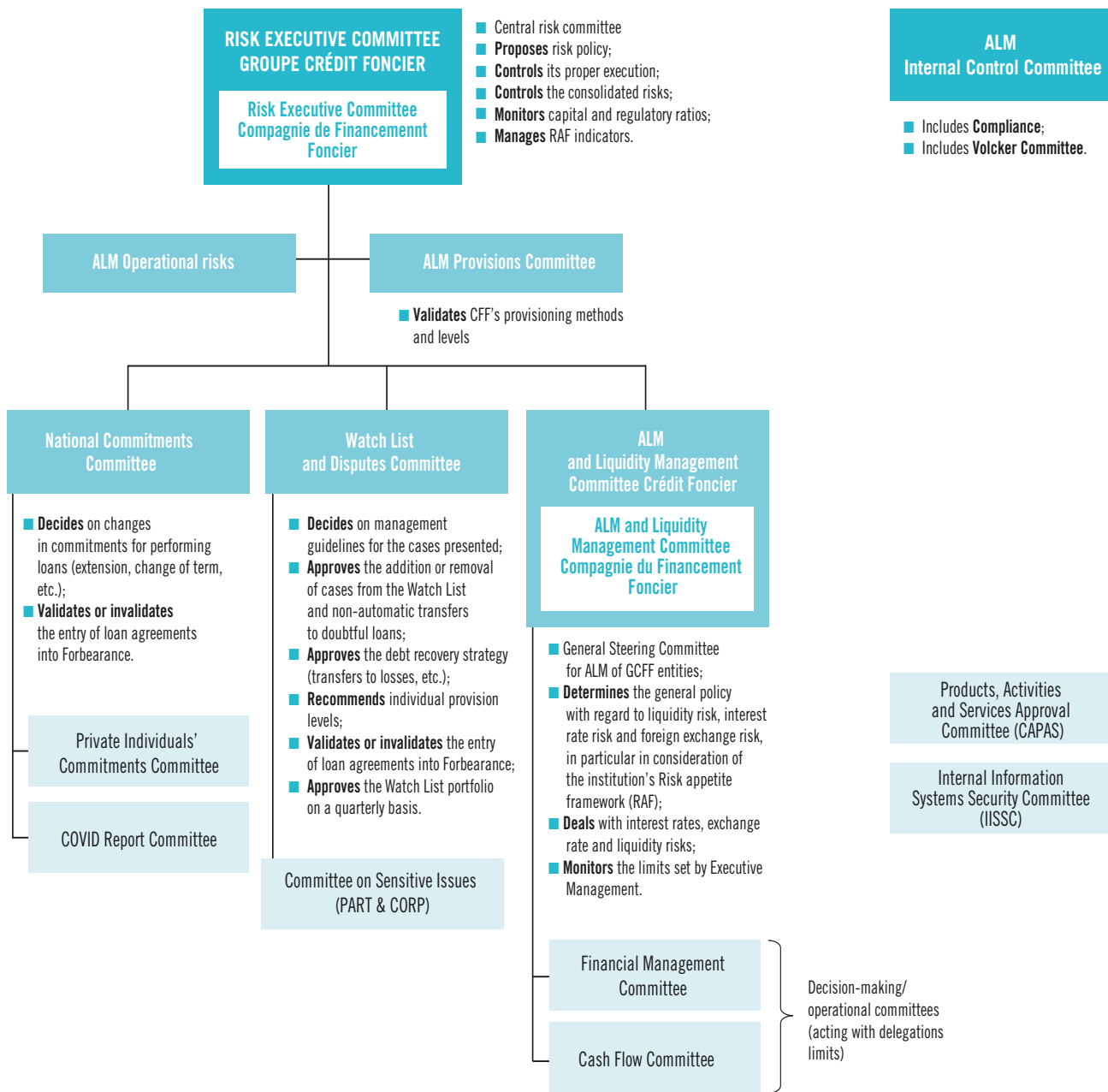
- a Group personal data protection policy applicable to Crédit Foncier and Compagnie de Financement Foncier;
- a half-yearly GDPR Committee meeting, chaired by the Deputy Chief Executive Officer of Crédit Foncier;
- a GDPR department made up of business line representatives, appointed by a member of the Executive Committee and overseen by the DPO;
- an external charter for customers or prospects and a charter for Crédit Foncier employees;
- a GDPR awareness-raising program for all employees;
- documentation dedicated to the various requirements of the GDPR standard;
- a permanent control system.

INFORMATION SYSTEM AND DATA CONSISTENCY

To comply with Basel II and subsequently Basel III, the Risk department ensures the accounting consistency of the data input into the risk management system. Compagnie de Financement Foncier's exposures are fully integrated into this data consistency mechanism.

Accordingly, all Groupe BPCE entities ensure that all data transferred to Group regulatory production systems are checked for accounting consistency at least quarterly.

RISK ORGANIZATION – COMMITTEE STRUCTURE



Loan selection process

Compagnie de Financement Foncier's loans selection process takes place in two steps:

- loan selection by Crédit Foncier;
- acquisition process, through the purchase filter by Compagnie de Financement Foncier, of receivables from Crédit Foncier or other Groupe BPCE credit institutions.

The analysis is similar for purchasing loans and receivables to another entity of Groupe BPCE.

Compagnie de Financement Foncier's risk appetite is the level of risk it is willing to accept. It is consistent with the institution's operating environment, its strategy and its business model.

Compagnie de Financement Foncier's system, approved by the Board of Directors on December 15, 2021, falls within the general framework of groupe Crédit Foncier's risk appetite, approved by the Board of Directors on November 2, 2021. The latter is in line with the general framework of Groupe BPCE's risk appetite.

This framework is based on an overarching document which presents, qualitatively and quantitatively, the risks that Compagnie de Financement Foncier agrees to take. It describes the principles of governance and operation in effect, and is intended to be updated annually, especially to reflect regulatory changes.

The operational mechanism for risk appetite is based, in turn, on indicators broken down according to significant type of risk and is based on successive thresholds associated with distinct delegation levels, namely:

- operational limits or tolerance thresholds for which the executive directors may decide, directly or through the committees they chair, either on a return to below the limit, or the establishment of an exception;
- the resilience threshold that, when exceeded, could pose a risk to the continuity and stability of the business. Any breach of these limits requires that a report and an action plan be sent to the Supervisory Body.

Compagnie de Financement Foncier has adopted the procedure implemented at the Group level dedicated to the Recovery and Resolution Plan covering all BPCE institutions.

COMMITMENT SELECTION AND MONITORING SYSTEMS AT CRÉDIT FONCIER

Commitment selection and monitoring relies on:

- the implementation of risk policies across various activities (loans to individuals, and to public and private Corporates), consistent with Group credit policies;
- the definition of delegations, primarily with regard to public Corporates and the consumer business;
- a system of fixed limits governing main corporate exposures, in order to manage concentration risk;
- a system for assessing borrowers' creditworthiness and the quality of transactions using internal rating engines and counter-analysis;

- risk monitoring primarily achieved through the following mechanisms: review of portfolios, committees dealing with sensitive issues and internal, external and regulatory reporting;
- risk management leading to the measurement and the prospective management of risks.

CREDIT RISK EVALUATION

Loan assessment tools are organized around two mechanisms:

- counter-analysis mechanism;
- ratings-based creditworthiness assessment during loan origination and regular monitoring based on the type of loan.

COUNTER-ANALYSIS MECHANISM

The counter-analysis system is related to a delegation chain that provides for a National Committee on Commitments level where a representative of the Risk department expresses an independent opinion supported by his counter-analysis. He/she has no say in the decision. For amounts above a specified limit, the Group Risk Management Division is asked to approve the execution of the transaction.

Loans are subject to a first analysis by the business lines, followed by a counter-analysis performed by a specialized independent unit.

This counter-analysis falls within the exclusive competence of the Risk department and is performed for all requests for financing submitted to the National Commitments Committee.

RATING APPROACH

INDIVIDUALS

The system for rating the creditworthiness of Individuals is specific to Crédit Foncier especially because it has no deposit accounts.

During the granting process, this system is based on both an expert system and a statistical rating.

Loan portfolio risk monitoring is carried out *via* a monthly rating using the features of the property transaction and of the borrower at the time of origination, as well as information on any potential past due payments.

The rating scales are specific to the type of transaction (home ownership or loans for rental housing).

PUBLIC, PRIVATE AND INTERNATIONAL OPERATORS

For legal entities (private or public) and not assimilated to private individuals, each counterparty is rated based on a unique set of internal rating approaches employed Group-wide in Groupe BPCE.

The rating of this portfolio relies on internal rating applications developed by Groupe BPCE. For private and public Corporates, the rating approach is based on quantitative and qualitative creditworthiness assessments and on an expert system.

Ratings are reviewed annually.

The International public sector (IPS) portfolio is rated internally. The method used to rate IPS portfolio outstandings is a combination of an expert approach and an approach based on external ratings.

ELIGIBILITY CRITERIA FOR CRÉDIT FONCIER AND PURCHASING OR ASSIGNMENT FILTER

Compagnie de Financement Foncier uses two methods of refinancing for all asset classes:

- “disposal”: Compagnie de Financement Foncier acquires an asset to refinance it. The asset is recognized directly in the balance sheet as from the date of disposal. The seller may be Crédit Foncier or a Groupe BPCE entity, for example;
- “assignment”: collateralized loans that Compagnie de Financement Foncier grants to Crédit Foncier or Groupe BPCE entities. Article L. 211-38 of the French Monetary and Financial Code authorizes the delivery of assets as collateral to a lender as a guarantee of repayment. Compagnie de Financement Foncier grants a loan and the assets of the seller are also provided as security for the proper repayment of the loan. These assets do not appear on the Compagnie de Financement Foncier balance sheet. They remain on the seller's balance sheet, but can no longer be used, disposed of or assigned by the seller for as long as the receivable from Compagnie de Financement Foncier exists.

Concerning the first mode of refinancing, the asset acquisition process implemented by Compagnie de Financement Foncier is very prudent and supplements a loan granting system that already ensures quality assets.

INDIVIDUALS

Compagnie de Financement Foncier acquires loans that finance home ownership and rental housing, that are secured by a first-ranking mortgage, a guarantee or equivalent.

Almost all origination was carried out by Crédit Foncier until the first quarter of 2019. Compagnie de Financement Foncier now mainly acquires loans from other Groupe BPCE credit institutions. The operating method for selecting loans was adjusted accordingly.

After the origination of a loan by a Group credit institution, in accordance with the existing risk policy and eligibility rules, Compagnie de Financement Foncier acquires loans through a process aimed at selecting loans with a default risk below certain thresholds.

Eligible collateral are:

- first-ranking mortgages or equivalent;
- State guarantee provided by the Guarantee Fund for home ownership for low-income households (FGAS);
- guarantee institutions having a sufficiently high rating. Crédit Logement in particular, a financial company rated Aa3 by Moody's as of June 30, 2022.

The LTVs applied to the mortgage value allow the determination of the outstanding amount of the loan that can be financed by privileged resources:

- 100% for loans benefiting from a FGAS guarantee;
- 80% for home loans granted to private individuals and secured by a first-ranking mortgage, a guarantee or equivalent;
- 60% for the others (relating mainly to social and commercial housing).

In addition, Compagnie de Financement Foncier uses an additional selection filter related to initial credit scores at origination and outstandings as described in the following tables.

Since 2016, receivables with lower ratings can be acquired directly by Compagnie de Financement Foncier with an additional risk limitation mechanism: an automatic termination clause is automatically activated as soon as the receivable is recorded as a doubtful loan (for a period of four years from the date of sale).

FOR ALL CRÉDIT FONCIER ENTITIES EXCEPT THE BELGIAN BRANCH

Filter conditions							Disposal before 2016	Disposal since 2016	Existence of a revocation clause		
Doubtful (CX, DX, RX) or Performing and having been doubtful during the last 2 years	Segment or sub-segment not eligible						✗	✗			
	Performing and not doubtful during the last 2 years	Segment and sub-segment known	Eligible segments and subsegments	Age of the loan	≤ 4 years	Outstanding rating	1 to 7	Rating at origination	0 to 5	✓	✓
8,9,10, Not rated							6 to 9, Not rated	✗	✓	✓	
Age of the loan			> 4 years	Outstanding rating	1 to 7	✓	✓				
					8,9,10, Not rated	✗	✓	✓			

This purchasing filter by automatic termination does not apply to loans from the Belgian branch, whose funding is only carried out through assignment.

FRENCH PUBLIC SECTOR

Compagnie de Financement Foncier's acquisition criteria on loans to French local authorities (FLA) are based on Groupe BPCE's internal rating system.

This rating covers the borrower's inherent characteristics (budget, degree of indebtedness, creditworthiness, etc.).

The lowest ratings are systematically excluded from selection.

INTERNATIONAL PUBLIC SECTOR

Compagnie de Financement Foncier holds exposures to international counterparties that meet the eligibility requirements of the French Monetary and Financial Code. This portfolio became a run-off activity in 2011. Before production ceased, the selection of these receivables was concentrated on counterparties with high external ratings, most of them in step 1 (\geq AA-).

PRIVATE CORPORATES

Since 2016, certain long-term private corporate loans financed by Crédit Foncier or SOCFIM have been assigned to Compagnie de Financement Foncier. These loans have a formal, full and complete first-ranking mortgage guarantee in favor of Crédit Foncier on one or more office, retail or residential assets located in mainland France.

The refinancing of these assets by assignment is limited to 60% of the mortgage value within one year of the assets provided as collateral. Only performing loans are eligible.

CREDIT LIMITS

ASSIGNING CREDIT LIMITS

Compagnie de Financement Foncier's credit limits system incorporates the same limits as those used by groupe Crédit Foncier, particularly regarding individual limits.

Groupe BPCE entities must, at their respective levels, adhere to the limitations placed on their operations determining the rules for risk diversification among the portfolios and to the regulatory limits applicable to managing major risks.

Validated by the National Commitments Committee, these individual limits, prepared and proposed by the Risk department, are updated, controlled and monitored through a range of reporting requirements at the initiative of the Risk department. These limits are also followed at the groupe Crédit Foncier's level.

MANAGING LIMIT BREACHES AND ALERT PROCEDURE

GENERAL PRINCIPLES

Compliance with limits is checked during regular counter-analysis prior to the review of loans by the Commitment Committees.

BANK COUNTERPARTIES

In accordance with the plan defined in the management agreements between the two institutions, compliance with limits relating to the counterparties of Compagnie de Financement Foncier's financial transactions is monitored by the Financial Risks department and is the subject of a quarterly presentation to the Executive Committee Risk.

These limits are established for Compagnie de Financement Foncier's banking counterparties (primarily for hedging and treasury management requirements) and are regularly reviewed in *ad hoc* committees.

Monitoring of compliance with the limits is carried out on a daily basis by next-day observation. It should be noted that the framework contracts with bank counterparties include a systematic margin call for

the value of the exposures, based on the counterparty's rating, to be paid only by the counterparties, not by Compagnie de Financement Foncier.

All breaches are reported in real time to the Executive Management of Compagnie de Financement Foncier and Crédit Foncier.

RISK MONITORING

Risk monitoring relies on three main components:

- the review of portfolios to ensure the overall quality of exposures and control the recognition of provisions for risk;
- at a minimum, monthly monitoring of sensitive operations for Corporate clients and on request for retail clients;
- the production of internal, external and regulatory reporting.

Special rules apply to the structured products of the French public sector.

PORTFOLIO REVIEWS

Regular reviews are conducted to evaluate the quality of the exposures. This implies stringent analysis of the quality of each exposure performed by the business lines and the Risk department. This analysis extends to all of Crédit Foncier's large exposures as well as of Compagnie de Financement Foncier.

MONITORING OF SENSITIVE TRANSACTIONS

This kind of monitoring concerns loans considered by the institution to be troubled or likely to encounter trouble in the future. Such monitoring involves ruling on the classification of the concerned loans or their servicing status (performing/doubtful/in litigation).

INDIVIDUALS

Monitoring is carried out by the business line's Committee on Sensitive Issues (CMAS), which usually meets every 15 days to review troubled loans and to recommend the potential recognition of a provision for credit loss on an individual basis or *via* the Watch List Committee or delegation chain.

PUBLIC SECTOR AND SOCIAL HOUSING

Monitoring is carried out *via* groupe Crédit Foncier's Watch List Committee which includes Compagnie de Financement Foncier's outstanding assets. The Watch List is reviewed quarterly. It lists all the counterparties requiring special attention due to the potentially high risk they represent. The Watch List concerns performing or doubtful loans but not loans already in the process of litigation by the Litigation department. The fact of being placed on the Watch List does not trigger the automatic suspension of credit lines or a downgrade of the counterparty to doubtful.

In the framework of monitoring the structured products of Public sector operators, and in coordination with Groupe BPCE, a signatory to the Gissler Charter, groupe Crédit Foncier closely monitors these transactions, enabling it to alert customers in advance about the market development impacts.

PRIVATE CORPORATES

The receivables assigned to Compagnie de Financement Foncier have a low LTV, based on the mortgage value, which is more conservative than the market value, and finance various assets (residential, offices, retail).

In the event of a credit event (default/forbearance/Watch List), the receivable would no longer be assigned for refinancing with Compagnie de Financement Foncier. The monthly control is carried out in order to renew the assignments.

CHANGES IN ASSETS

In accordance with its *société de crédit foncier* status, Compagnie de Financement Foncier's assets are broken down into three main categories:

- secured loans, as defined under Articles L. 513-3, L. 513-5 and L. 513-6 of the French Monetary and Financial Code, backed by a first-rank mortgage (or, to a lesser extent, equivalent real estate collateral or a surety);

- exposure to public entities, as defined under Articles L. 513-4 and L. 513-5; and
- replacement values as defined in Article L. 513-7, limited to 15% of the nominal value of the privileged resources.

BREAKDOWN OF ASSETS BY GUARANTEE

ASSETS	06/30/2022		12/31/2021	
	In €m	% of balance sheet	In €m	% of balance sheet
Guaranteed loans (Articles L. 513-3, L. 513-5 and L. 513-6)	29,052	48.0%	31,456	49.2%
Mortgage loans secured by the FGAS	14,014	23.1%	14,153	22.1%
Other mortgage loans	10,261	16.9%	12,893	20.2%
Loans with institutional guarantees	4,777	7.9%	4,410	6.9%
Exposure to public entities (Articles L. 513-4 and L. 513-5)	26,108	43.1%	24,951	39.0%
Public sector loans	11,975	19.8%	10,514	16.4%
Public loans assigned under L. 211-38	7,036	11.6%	7,619	11.9%
Public entity securities	6,047	10.0%	6,139	9.6%
Deposits at Banque de France	1,050	1.7%	679	1.1%
Other assets (interests on IFAT, adjustment accounts, etc.)	774	1.3%	879	1.4%
Replacement values (Article L. 513-7)	4,609	7.6%	6,649	10.4%
TOTAL ASSETS	60,543	100,0 %	63,935	100.0%

As of June 30, 2022, Compagnie de Financement Foncier's balance sheet was down by €3.4bn compared with December 31, 2021. This reduction consists of a €1.4bn decrease in eligible assets and a €2bn decrease in replacement values. It is in line with the strategy adopted by Groupe BPCE for Compagnie de Financement Foncier's activities:

- directly held and pledged mortgage assets relating to the activities of the Individuals sector were down by €2.5bn with the amortization of inventory, in the absence of new production;
- Public sector exposures were up by €1.5bn, mainly due to the refinancing of public assets from regional banks. This increase reflects the relevance of the "Compagnie de Financement Foncier – supporting Groupe BPCE" strategy: refinancing assets of the Groupe BPCE entities at very competitive margins (*via obligations foncières*);

- the €2bn decrease in replacement values reflects an optimization of sufficiently safe and liquid exposures compared to the current level of Compagnie de Financement Foncier's balance sheet.

The breakdown of assets by geography changed little over the year, with most of the underlying assets on the balance sheet (88%) located in France.

As of June 30, 2022, international assets, mainly linked to the Public sector, totaled €7.6bn. The main geographical exposures are Italy (€3.0bn), the USA (€1.5bn) and Switzerland (€1.1bn), followed to a lesser extent by Belgium (€0.6bn), Japan (€0.4bn), Canada (€0.3bn), Poland (€0.3bn) and Spain (€0.2bn).

CHANGES IN LIABILITIES

In accordance with the regulations governing *sociétés de crédit foncier* status, Compagnie de Financement Foncier's liabilities may be broken down into two main categories:

- privileged resources that legally protect bondholders by guaranteeing priority repayment and compliance with repayment schedules, even in the event of default of the issuer or its parent company;
- other resources that help reinforce the security of privileged debt holders. These resources subordinated to privileged resources are made up of:
 - unsecured debts with the Crédit Foncier or BPCE and, particularly for swaps, with various other bank counterparties,
 - subordinated debt and equity, resources contributed by Crédit Foncier.

BREAKDOWN OF LIABILITIES BY GUARANTEE RANK

LIABILITIES	06/30/2022		12/31/2021	
	In €m	% of balance sheet	In €m	% of balance sheet
Privileged resources	52,171	86.2%	53,499	83.7%
<i>Obligations foncières</i> at the reporting date	52,246	86.3%	53,673	83.9%
Foreign exchange difference on <i>obligations foncières</i>	-103	-0.2%	-198	-0.3%
Other privileged resources	29	0.0%	24	0.0%
Translation difference associated with hedging balance sheet items*	1,048	1.7%	906	1.4%
Non-privileged resources	7,324	12.1%	9,530	14.9%
Unsecured debt	5,222	8.6%	6,212	9.7%
Subordinated debts and similar debt	63	0.1%	105	0.2%
■ of which subordinated securities	0	0.0%	0	0.0%
Shareholders' equity and reserve for general banking risks	2,040	3.4%	3,213	5.0%
TOTAL LIABILITIES	60,543	100.0%	63,935	100.0%
Regulatory capital according to CRR/CRD IV	1,974	3.3%	3,107	4.9%
■ of which Common Equity Tier 1 capital	1,974	3.3%	3,107	4.9%
■ of which Additional Tier 1 capital	0	0.0%	0	0.0%
■ of which Tier 2 capital	0	0.0%	0	0.0%

* Liabilities and assets are considered at their historical cost, i.e. at the exchange rate originally set when setting up their hedge. Interest accrued on swaps are calculated after netting for the same counterparty.

During the fiscal year, privileged resources decreased by €1.3bn, with contractual amortization of debt higher (€3.3bn) than issues over the year (€2.0bn).

Unsecured debt decreased by €0.8bn net. This decrease takes into account the partial repayment of €1bn of the advance in shareholders' current account.

The share capital of Compagnie de Financement Foncier was reduced by €1bn, in addition to a reduction in the share premium of €133.13m, authorized at an Extraordinary Board of Directors' meeting held on March 28, 2022. This capital reduction, not motivated by losses, was carried out by repurchasing shares with a view to their cancellation. It reflects an adaptation of the share capital to the current level of Compagnie de Financement Foncier's balance sheet.

PRUDENTIAL RATIOS

Specific ratios

Compagnie de Financement Foncier is not required by the regulator to monitor prudential solvency ratios, even if it communicates them to investors for information purposes. In addition, Compagnie de Financement Foncier wished to entrust Crédit Foncier with the management of almost all of its assets, all of its liabilities as well as its administrative, financial and accounting management, in accordance with the provisions of Article L. 513-15 of the French Monetary and Financial Code. In this context, these ratios are monitored at the level of Crédit Foncier, its parent company. However, as a *société de crédit foncier*, Compagnie de Financement Foncier is subject to a certain number of specific regulatory ratios that must be complied with at all times and which are most often validated by the Specific Application Controller in application of the provisions of Article L. 513-23 of the French Monetary and Financial Code.

COVERAGE RATIO

In accordance with the provisions of Articles L. 513-12 and R. 513-8 of the French Monetary and Financial Code, Compagnie de Financement Foncier measures the hedging ratio, which is equal to the ratio between risk-weighted assets and privileged debt, which must always be greater than 105%.

In the case of Compagnie de Financement Foncier, restatements include three types of assets:

- LTV overruns on mortgage loans either held directly or assigned;
- assets sold under repos; and
- the portion of unsecured intragroup loans above the regulatory threshold of 25% of non-privileged liabilities.

Regulations limit outstanding loans financed with *obligations foncières* to the fraction of outstanding loans with an LTV ratio (equal to the outstanding principal in relation to the updated value of the collateral) lower than 100% for loans guaranteed by FGAS, lower than 80% for residential loans granted to individuals and lower than 60% for other mortgage loans.

At June 30, 2022, loans outstanding in excess of the LTV threshold amounted to €0.6bn, still significantly lower than those for non-privileged liabilities, standing at €7.5bn at that date.

In addition, assets used to secure other transactions are deducted from the assets recognized on the balance sheet. Thus the outstanding amount of securities sold to Crédit Foncier under repurchase agreements, representing €0.6bn at June 30, 2022, was not included for the purposes of calculating the ratio.

Finally, application of the limit on intragroup exposure introduced by the Order of May 26, 2014 resulted in a €0.04bn drop in BPCE loans, mainly because a small part of the loan portfolio posted as collateral failed to meet all eligibility criteria for refinancing by *obligations foncières*.

The overcollateralization ratio stood at 111.9% at June 30, 2022 (vs. 112.2% as of December 31, 2021), taking into account any associated currency hedging for assets or liabilities.

Regardless of the minimum ratio required by law, Compagnie de Financement Foncier already committed to maintain at any time a level of non-privileged liabilities in excess of 5% of privileged liabilities (both considered after currency swaps). At June 30, 2022, this ratio was 12.9%, down on the end-2021 level of 16.6%.

LOAN TO VALUE

As part of its risk monitoring and management rules, Compagnie de Financement Foncier sets the LTV of mortgage or guaranteed loans that it holds directly or through assignment under L. 211-38. This LTV is also the ratio of the present value of the collateral to the outstanding principal. Every year, Compagnie de Financement Foncier, like every *société de crédit foncier*, re-examines the value of this collateral using procedures that are checked for compliance by the Specific Controller. The certification by the Specific Controller of the validity of the methods applied and the results obtained and the description of the valuation and revaluation methods of the real estate assets as well as their results are presented in the Risk Management Report in paragraph 5.3.2 of the 2021 Universal registration document.

Taking into account all outstanding loans to individuals, both directly held or used to guarantee loans under L. 211-38, the average LTV at end-June 2022 came to 66.6% for a total outstanding amount of €28.3bn, breaking down as:

- 69.6% for loans guaranteed by FGAS in the amount of €15.0bn;
- 63.3% for other mortgage or guaranteed loans to individuals, with €13.5bn outstanding.

At the end of June 2022, all mortgage or guaranteed loans, with an outstanding amount of €29.1bn, had an average ratio of 65.9%:

- of which an average rate of 66.6% for loans to individuals in the amount of €28.3bn;
- of which an average rate of 41.6% for corporate loans with an outstanding amount of €0.8bn.

OTHER LIMITS

Compliance with the various holding limits applicable to certain assets is also verified. At June 30, 2022:

- guaranteed loans amounted to 9.33% of total assets, still well below the legal limit of 35% of the balance sheet; this calculation factors in directly-held guaranteed loans (7.6%) as well as guaranteed loans under L. 211-38 (1.7%);
- the ratio of replacement values to the nominal amount of privileged resources is equal to 8.8%, lower than the legal limit of 15%;
- the hedging of cash requirements, taking into account cash flow forecasts, is secured over a period of 180 days.

LIQUIDITY AND SOLVENCY RATIOS

As a credit institution, Compagnie de Financement Foncier monitors its liquidity and submits quarterly information to the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR – French Prudential Supervisory and Resolution Authority) on its calculation information on the coverage of potential cash requirements over a period of 180 days. In addition, Compagnie de Financement Foncier has €10.4bn in assets that can be pledged by the Eurosystem (excluding repurchase agreements) that could provide it with an estimated additional €8.6bn in cash resources after discount and on the basis of the ECB's current rules, while maintaining its coverage rate at above the legal minimum of 105%.

The other prudential ratios applicable to credit institutions are monitored by Crédit Foncier at the consolidated level. However, Compagnie de Financement Foncier determines solvency ratios within its own scope only since January 1, 2014, it has been doing so in accordance with the CRD IV directive and the CRR Regulation and reports them to *Autorité de Contrôle Prudentiel et de Résolution*.

Capital management

The management of Compagnie de Financement Foncier's capital is supervised directly by its Executive Management. Its management ensures permanent compliance with regulatory ratios and aims to optimize the allocation of capital and to secure its overcollateralization ratio; as such, it contributes directly to the AAA/Aaa/AAA rating by S&P/Moody's/Scope for the *obligations foncières*.

COMPOSITION OF CAPITAL

Capital is determined in accordance with the CRD IV directive and the CRR Regulation, applicable since January 1, 2014, taking into account the national options set by the ACPR. It consists of three broad categories: Common Equity Tier 1, Additional Tier 1 Capital and Tier 2 Capital.

At its meeting on February 7, 2022, the Board of Directors noted the high level of Compagnie de Financement Foncier's capital with respect to prudential rules. For the sake of sound financial management, the Extraordinary General Shareholders' Meeting of Compagnie de Financement Foncier of March 28, 2022 authorized its Board of Directors to reduce the share capital in one or more installments by a par value of €1bn. Operations took place in the second quarter and resulted in a capital reduction of €1bn as well as a reduction in the issue premium of €133.13m.

Consequently, as of June 30, 2022, on the basis of the Basel III standardized approach, its Common Equity Tier One (CET1) ratio, which is equal to its Tier One ratio and its solvency ratio, was 24.4%, down 2.8% compared with the end of December 2021.

Total risk exposures amounted to €8.1bn, down €3.3bn compared with December 31, 2021.

The amount of capital of Compagnie de Financement Foncier was €1,974bn at June 30, 2022. This amount also represents the Core Equity Tier 1 capital.

CAPITAL REQUIREMENTS

Capital requirements were calculated using the standard Basel III method. The Executive Risk Committee (CEDR) of April 6, 2022 decided that transparency treatment would no longer be applied for the calculation of RWAs for L. 211-38 assignments guaranteed by French local authorities sector loans or by mortgage loans. These intragroup exposures will now be weighted at 0% in accordance with the provisions of the CRR Regulation.

Loans to Groupe BPCE affiliates are weighted at 0%.

Moreover, in the case of partial transfer of loans originated by Crédit Foncier to Compagnie de Financement Foncier and in connection with the assignment and recovery agreements, collected sums are allocated in their entirety and in priority to Compagnie de Financement Foncier. Under the standard approach, this allows to adjust the level of risk-weighting in order to reflect the priority allocation of collections to Compagnie de Financement Foncier and the resulting lower loss rate.

Exposure categories (in €m)	06/30/2022		12/31/2021	
	Capital requirements	RWA	Capital requirements	RWA
Central governments	24	301	28	356
Institutions	5	63	15	187
Regional governments	225	2,816	281	3,510
Corporations	17	211	46	570
Retail customers	61	757	75	934
Mortgage-backed exposure	239	2,990	377	4,714
Exposure at default	31	389	44	549
OTHER ASSETS	2	29	1	16
Requirements for credit risk (A)	604	7,556	867	10,836
Requirements for market risk (B)	0	0	0	0
Requirements for operational risk (C)	31	391	31	391
Credit value adjustment (D)	10	130	16	198
CAPITAL REQUIREMENTS (A+B+C+D)	646	8,077	914	11,425

SOLVENCY RATIO

Compagnie de Financement Foncier's solvency ratio at June 30, 2022 was determined using the standardized method.

Ratio	06/30/2022	12/31/2021
Solvency ratio	24.4%*	27.2%
CET1 ratio	24.4%	27.2%
Tier 1 ratio	24.4%	27.2%

Source: COREP (Common Solvency Ratio Reporting) at June 30, 2022.

* Pursuant to the CRR Regulation, discontinuation of the look-through method for L. 211-38 intra-group transfers from April 6, 2022.

ANALYSIS OF CREDIT AND COUNTERPARTY RISK

The balance sheet comprises two major categories: assets financed for the long-term in the form of loans or securities, and replacement values, short-term securities corresponding to a portion of cash balances. These assets meet differentiated approaches as to the measuring and monitoring of their credit risk:

- loans granted to private individuals and loans to business customers mainly in the Public sector: these loans are acquired either directly by Compagnie de Financement Foncier or pledged through Crédit Foncier or any other entity of Groupe BPCE entities, in the form of secured loans granted under L. 211-38 of the French Monetary and Financial Code;

- loans from the State-subsidized sector guaranteed by the French state;
- Public sector securities, which comprise Compagnie de Financement Foncier's main international exposure;
- replacement values comprised of short-term investments with credit institutions that have at least the second-best external rating.

Since the end of the first quarter of 2019, Crédit Foncier no longer originates loans to individuals or to the public sector.

Breakdown of Compagnie de Financement Foncier's commitments

ANALYSIS OF CREDIT RISK EXPOSURES

Financed assets are analyzed transparently: the analysis covers the assigned assets in the form of loans under Article L. 211-38 of the French Monetary and Financial Code.

As an exception, replacement values are analyzed by their exposure to the counterparty (and not according to the underlying assets when they are in the L. 211-38 French Monetary and Financial Code format).

Compagnie de Financement Foncier reports that it still has no exposure to the following asset classes:

- CDO (Collateralized Debt Obligation) or direct exposures to monoline insurers;
- exposures to CMBS (Commercial Mortgage-Backed Securities);
- other sub-prime exposures, Alt-A or, more broadly, any exposure to US mortgage securities;
- special purpose vehicles;
- leveraged or leveraged buyout (LBO) transactions.

Risk exposure (in €m)	Exposures as of 06/30/2022			Exposures as of 12/31/2021		
	Sold	Assigned	Total	Sold	Assigned	Total
A – Individual mortgage loans ^{(1) (2) (6)}	23,408	4,263	27,671	23,606	6,515	30,121
B – Public sector	18,692	6,697	25,390	16,989	7,580	24,569
French public sector	11,736	6,167	17,903	9,919	7,033	16,953
■ Social housing	1,320	698	2,018	691	1,352	2,043
■ French local authorities (FLA) ⁽³⁾	9,044	4,036	13,079	8,228	4,853	13,081
■ Sovereign France	1,372	1,433	2,805	1,000	828	1,828
Infrastructure project financing (IPF)	581	530	1,112	588	546	1,134
International public sector	6,375	0	6,375	6,482	0	6,482
■ International public sector (IPS)	3,638	0	3,638	3,602	0	3,602
■ International Sovereign	2,500	0	2,500	2,516	0	2,516
■ Public sector large corporations	236	0	236	364	0	364
C – Commercial mortgage exposures ⁽⁶⁾	17	752	769	20	710	730
D – Banking sector exposures	650	4,560	5,210	631	6,600	7,231
Banks with sovereign guarantees or similar	599	0	599	579	0	579
Other banks	51	0	51	52	0	52
L. 211-38-VR ⁽⁴⁾	0	4,560	4,560	0	6,600	6,600
TOTAL RISK EXPOSURE (A+B+C+D)	42,768	16,272	59,040	41,246	21,404	62,650
Miscellaneous adjustments and other assets ⁽⁵⁾	1,192	346	1,538	1,305	31	1,337
TOTAL	43,960	16,618	60,578	42,551	21,435	63,987

(1) The "Individual mortgage loans" line item includes a limited amount of outstanding Dutch loans (€22m).

(2) Of which BH Belgium for €593m (carrying amount).

(3) Of which €1,110m L. 211-38 with Caisses d'Épargne and €67m with Banques Populaires.

(4) Short-term loans to BPCE guaranteed by collateralized assets.

(5) The "Miscellaneous adjustments and other assets" line item is mainly composed of accrued interest on forward financial instruments and adjustment accounts.

(6) Including guaranteed.

At June 30, 2022, total credit risk exposure was down €4.4bn year-on-year to €60.6bn. This change was due to:

- the €4.9bn decline in private individuals' mortgage and guaranteed loans to €27.8bn, which mostly had an amortization effect related to the halt in the production of new loans from the end of March 2019;
- the €2.4bn increase in Public sector borrowers mainly due to the €1.4bn increase in French local authorities' loans, the €1.3bn increase in French sovereign and the €0.2bn decrease in Social housing and the €0.1bn decrease in large Public sector large corporations;
- the €2bn decrease in banking sector exposures linked to the decrease in L. 211-38-VR.

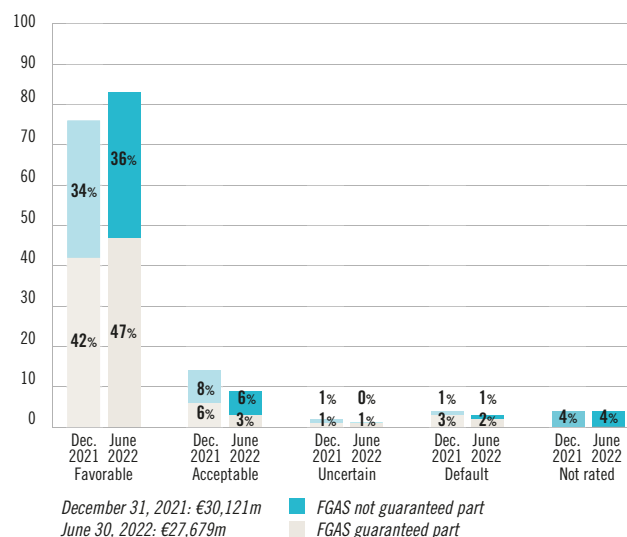
BREAKDOWN OF EXPOSURES BY GEOGRAPHY

Breakdown of exposures by geography	06/30/2022		12/31/2021
	Balance sheet in €m	In %	In %
France	52,991	87	88
Other countries in the European Economic Area	4,280	7	7
■ of which Italy	3,063	5	5
■ of which Belgium	593	1	1
■ of which Poland	325	1	1
■ of which Spain	209	ns	ns
■ of which Portugal	67	ns	ns
■ of which the Netherlands	22	ns	ns
Switzerland	1,127	2	1
North America (USA & Canada)	1,739	3	3
Japan	442	1	1
TOTAL	60,578	100	100
Reminder of total exposures at 12/31/2021 (in €m)	-	-	63,987

QUALITY OF THE PORTFOLIO EXPOSED TO CREDIT RISK

PORTFOLIO OF LOANS TO INDIVIDUALS

INTERNAL RATING AND QUALITY OF INDIVIDUAL MORTGAGES OUTSTANDING



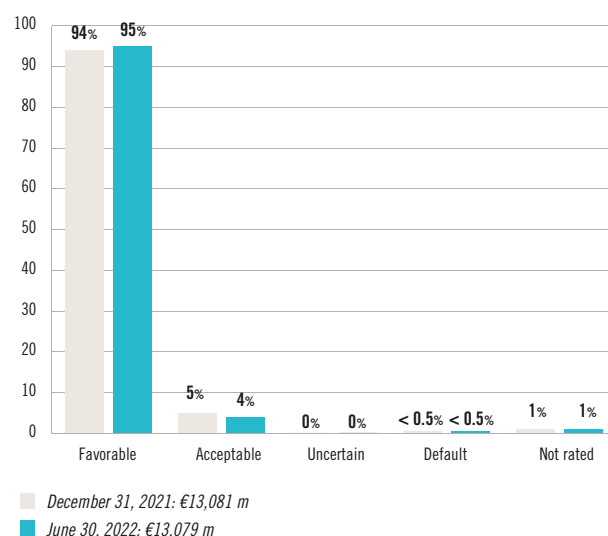
The distribution of ratings attests to the ongoing good quality of outstanding loans.

FRENCH PUBLIC SECTOR PORTFOLIO

The French public sector portfolio stood at €18bn and breaks down as follows:

- French local authorities: €13.0bn;
- Social housing: €2.0bn;
- Sovereign France: €3.0bn.

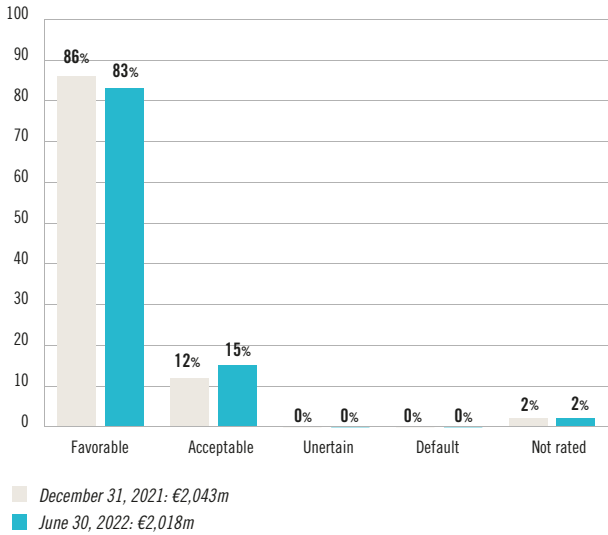
PORTFOLIO OF FRENCH PUBLIC OPERATORS – BREAKDOWN BY BASEL II RATING



French local authorities of Compagnie de Financement Foncier remains at a very good level and is improving.

SOCIAL HOUSING

SOCIAL HOUSING PORTFOLIO – BREAKDOWN BY BASEL II RATING



Note: including associations.

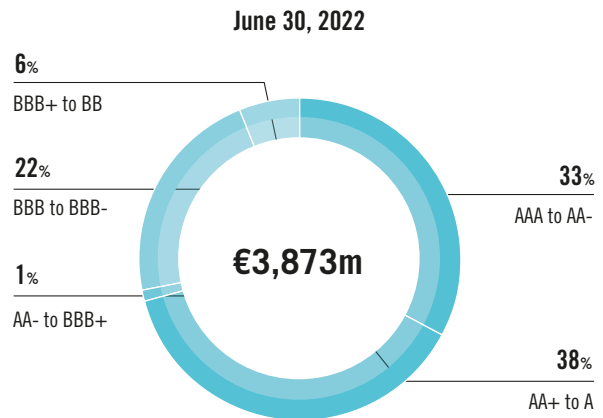
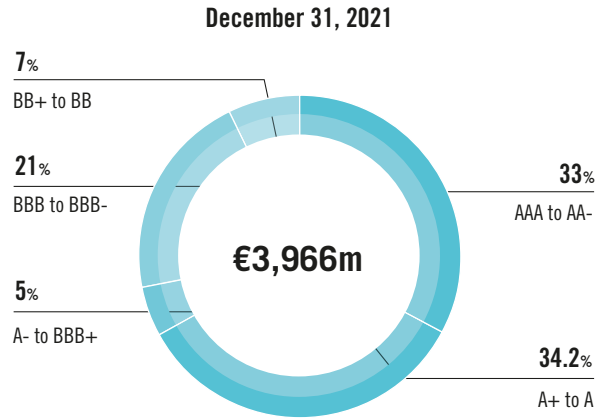
The quality of Social housing portfolio held by Compagnie de Financement Foncier stays at a very high level.

INTERNATIONAL PUBLIC SECTOR PORTFOLIO

INTERNATIONAL PUBLIC SECTOR (EXCLUDING SOVEREIGNS) AND LARGE PUBLIC SECTOR CORPORATES

At June 30, 2022, the IPS portfolio (excluding Sovereigns) and Large Corporates stood at €3.87bn, down -€0.1bn compared with December 31, 2021, following with asset amortizations. Compagnie de Financement Foncier has stopped making new acquisitions in recent fiscal years.

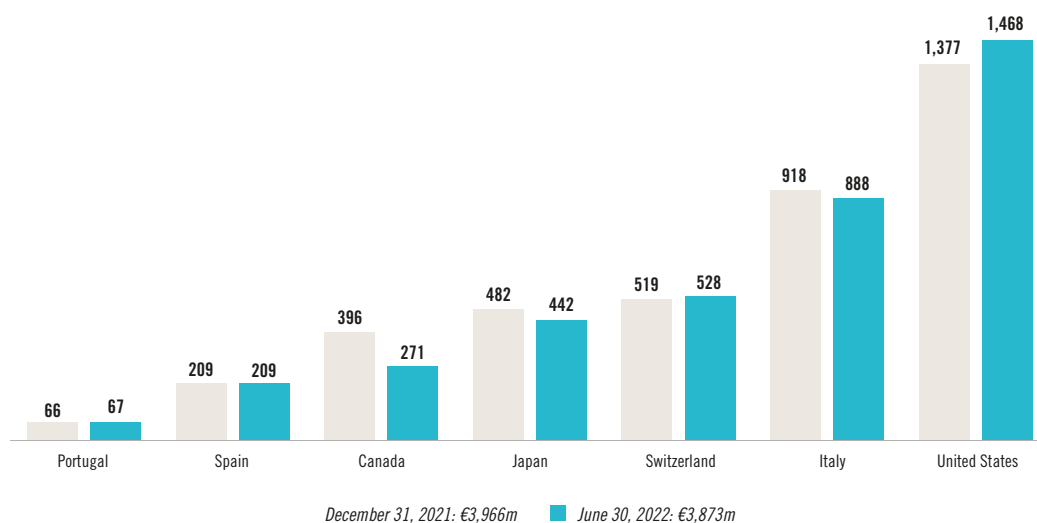
BREAKDOWN BY INTERNAL RATING OF EXPOSURES TO THE INTERNATIONAL PUBLIC SECTOR AND LARGE CORPORATES*



* Net carrying amount before taking swaps into account.

The average quality of internal ratings continues to be high.

BREAKDOWN OF DIRECT EXPOSURES TO THE INTERNATIONAL PUBLIC SECTOR AND LARGE CORPORATES*



*At net carrying amount before including swaps.

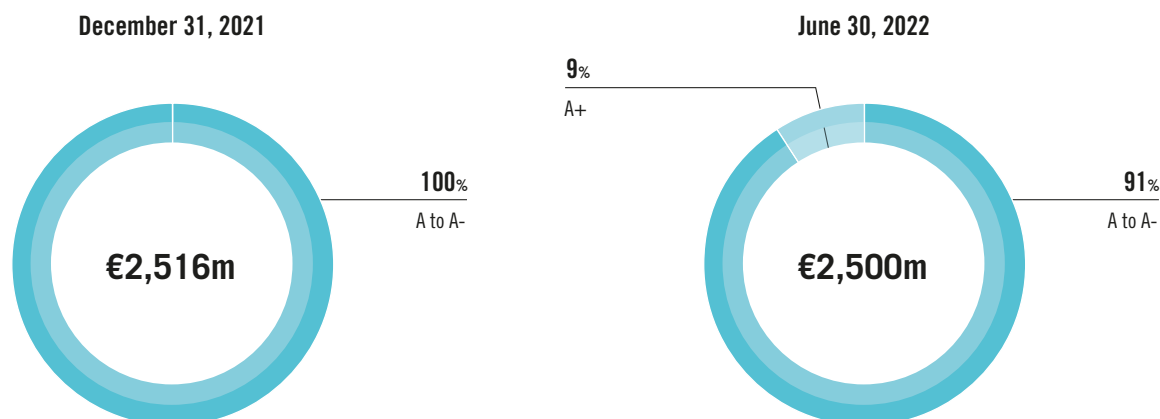
It should be noted that currency exchange fluctuations affect the outstandings of assets denominated in foreign currencies (USD, JPY, CAD, etc.), shown before currency swap effects.

Compagnie de Financement Foncier has no direct exposures to monoline insurers but does have credit enhancements acquired from them for certain assets in the portfolio.

INTERNATIONAL SOVEREIGN

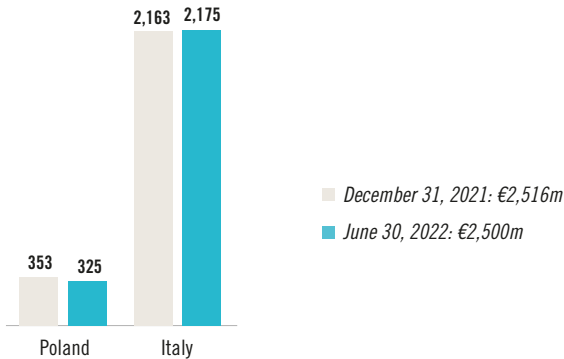
Following the disposals and repayments, Compagnie de Financement Foncier's residual exposure to sovereign issuers is concentrated on Italy and, to a lesser extent, on Poland.

BREAKDOWN OF EXPOSURES BY INTERNAL RATING ON SOVEREIGNS EXCLUDING FRANCE



Compagnie de Financement Foncier's whole International Sovereign portfolio is rated investment grade (rating \geq A-).

BREAKDOWN OF DIRECT EXPOSURES TO SOVEREIGNS OUTSIDE FRANCE



Given the disposals, Compagnie de Financement Foncier is now exposed exclusively to Italian and Polish Sovereigns.

The variation of outstandings from one year to another is explained by exchange rate fluctuations as some of the exposures are in foreign currencies and presented on a before swaps basis.

MONOLINE INSURERS ON EXPOSURES TO IPS, LARGE CORPORATES AND SOVEREIGNS

Compagnie de Financement Foncier has no direct exposures to monoline insurers but does have credit enhancements acquired from them for certain assets in the portfolio.

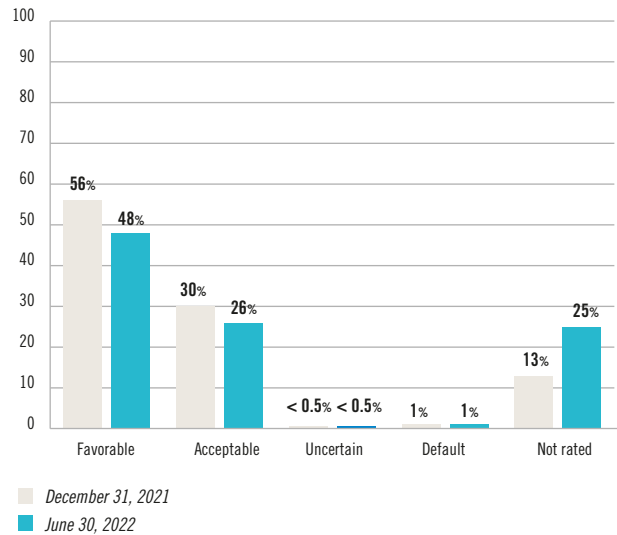
Thus, €1.2bn of outstandings in the portfolio is counter-guaranteed by monoline insurers.

The monolines used, Assured Guaranty Municipal Corp. (formerly FSA) and Assured Guaranty Corp. (which took over CIFG), maintain high credit ratings, respectively AA/A1 and AA/A2 by S&P and Moody's, and guarantee a total outstanding of securities of €1.04bn; more marginally, National public Finance Guarantee Corp. (formerly MBIA), rated Baa2 by Moody's, guarantees debt securities of €0.02bn.

The FGIC monoline is not rated, which reduces the quality of its credit support (counter-guaranteed outstandings of €128m).

PRIVATE CORPORATES PORTFOLIO

At June 30, 2022, Private Corporate outstandings sold and pledged amounted to €769m, with 74% of the outstandings having "Favorable" or "Acceptable" ratings.



BANKING SECTOR PORTFOLIO

With €5.2bn of outstandings, banking sector exposures remained stable compared to December 31, 2021. They consist mainly of short-term transactions with BPCE (€4.6bn). Compagnie de Financement Foncier is also exposed, in the context of long-term loans from the former International public sector activity, to Swiss regional banks, which are guaranteed by public authorities.

Delinquency

COMPAGNIE DE FINANCEMENT FONCIER'S RISK HEDGING

The table below shows the breakdown of assets excluding endorsements and financial guarantees given along with the doubtful loan rates.

Risk exposure (in €m)	Gross exposures as of 06/30/2022				Gross exposures as of 12/31/2021			
	Total balance sheet	Doubtful loan rate sold	Doubtful loan rate assigned	Overall doubtful loan rate	Total balance sheet	Doubtful loan rate sold	Doubtful loan rate assigned	Overall doubtful loan rate
A – Individual mortgage loans ^{(1) (2) (6)}	27,671	3.24%	0.07%	2.75%	30,121	5.37%	0.09%	4.23%
B – Public sector	25,390	0	0.01%	0	24,569	0	0	0
French public sector	17,903	0	0.01%	0	16,953	0	0	0
■ Social housing	2,018	0	0.06%	0	2,043	0	0	0
■ French local authorities (FLA) ⁽³⁾	13,079	0	0	0	13,081	0	0	0
■ Sovereign France	2,805	0	0	0	1,828	0	0	0
Infrastructure project financing (IPF)	1,112	0	0	0	1,134	0	0	0
International public sector	6,375	0	0	0	6,482	0	0	0
■ International public sector (IPS)	3,638	0	0	0	3,602	0	0	0
■ International Sovereign	2,500	0	0	0	2,516	0	0	0
■ Public sector large corporations	236	0	0	0	364	0	0	0
C – Commercial mortgage exposures ⁽⁶⁾	769	29.10%	0.00%	0.65%	730	27.75%	0.00%	0.77%
D – Banking sector exposures	5,210	0	0	0	7,231	0	0	0
Banks with sovereign guarantees or similar	599	0	0	0	579	0	0	0
Other banks	51	0	0	0	52	0	0	0
L. 211-38-VR ⁽⁴⁾	4,560	0	0	0	6,600	0	0	0
TOTAL RISK EXPOSURE (A + B + C + D)	59,040	1.79%	0.02%	1.30%	62,650	3.09%	0,03 %	2.04%
Miscellaneous adjustments and other items ⁽⁵⁾	1,538	0	0	0	1,337	0	0	0
TOTAL	60,578	1.74%	0.02%	1.27%	63,987	3.00%	0,03 %	2.00%

(1) The "Individual mortgage loans" line item includes a limited amount of outstanding Dutch loans (€22m).

(2) Of which BH Belgium for €593m (carrying amount).

(3) Of which €1,110m L. 211-38 with Caisses d'Épargne and €67m with Banques Populaires.

(4) Short-term loans to BPCE guaranteed by collateralized assets.

(5) The "Miscellaneous adjustments and other assets" line item is mainly composed of accrued interest on forward financial instruments and adjustment accounts.

(6) Including guaranteed.

The overall doubtful loan rate remains low at 1.27%.

On individual mortgage or guaranteed loans, the doubtful rate fell from 3.3% at the end of June 2021 to 2.7% at the end of June 2022.

RISK CHARGE OF COMPAGNIE DE FINANCEMENT FONCIER

(in €m)	06/30/2022	12/31/2021
Individual cost of risk (A)	9.37	5
Collective provisions (B)	-0.94	2.4
Cost of risk (A+B)	8.43	7.4
Risk charge, net banking income (C)	2.36	-3.7
NET (A+B+C)	10.80	3.7

At June 30, 2022, Compagnie de Financement Foncier's risk charge grew by €10.80m. It is made up of the cost of risk on a solo basis (reversal of €9.37m), the cost of risk on a collective basis (addition of -€0.94m) and the cost of risk recognized in NBI (reversal of €2.36m).

Risk mitigation technique

RISK MITIGATION FACTOR

Compagnie de Financement Foncier's portfolio is very secure as it consists mainly of either risks secured by mortgages or equivalent or risk exposures to the Public sector. Both risks are further reduced by additional guarantees. Thus, 61.0% of outstanding mortgage loans to individuals and related items are covered by an FGAS guarantee.

In relation to individual customers, the main provider of personal guarantees belongs to the Sovereign segment: the *Société de gestion du fonds de garantie à l'accession sociale à la propriété* (SGFGAS) provides a guarantee from the French government for home ownership loans governed by the regulations of loan agreements and guaranteed by first-rank collateral (mortgage or lender's lien). As such, SGFGAS benefits from external ratings from the French State. The coverage rate of the FGAS guarantee is 100% for loans granted until December 31, 2006 and 50% for loans granted after this date. The portion of loans covered by the FGAS guarantee is weighted at 0%. The portion not covered by the FGAS guarantee is covered by Crédit Foncier, pursuant to an agreement with Compagnie de Financement Foncier, and is weighted at 0% for Compagnie de Financement Foncier.

In addition, certain loans to individual customers benefit from a guarantee in the form of a surety, similar to a financial institution risk. Crédit Logement, a subsidiary of most of the major French banking networks, is the main provider of this type of guarantee.

Loans covered by Crédit Logement were subject to a Basel III weighting of 50% until the third quarter of 2014. Since the fourth quarter of 2014, exposures guaranteed by Crédit Logement are weighted at 35%.

Risk reduction is also achieved through the assignment mechanism between Compagnie de Financement Foncier and Crédit Foncier or other Groupe BPCE entities (agreements, contracts), which explicitly provides for the termination of assignments in the event of non-compliance of the receivables acquired.

With respect to real estate guarantees, in accordance with the regulations in force, Compagnie de Financement Foncier annually performs a detailed revaluation of the pledges registered as mortgages or accompanied by a promise to assign mortgages in connection with guaranteed loans. Compagnie de Financement Foncier's Specific Controller issues once a year an opinion on the validity of real estate asset valuation methods and their results as well as periodic review procedures.

VALUATION AND PERIODIC REVIEW METHODS FOR REAL ESTATE ASSETS

The methodology remained unchanged in the first half of 2022.

FINANCIAL RISK ANALYSIS

Compagnie de Financement Foncier does not conduct any proprietary trading and does not have any positions in the trading book. However, it carries out balance sheet hedging operations.

Crédit Foncier provides Compagnie de Financement Foncier with Asset and Liability Management (ALM) structural risk monitoring services, pursuant to an agreement to this effect. The related rules are set out in groupe Crédit Foncier's Financial Charter.

Methodology used to assess liquidity, interest rate and foreign exchange rate risks

Liquidity and interest rate risks are measured using different, complementary approaches depending on the scope of the analysis. There are two distinct approaches:

- a static approach, which covers on- and off-balance sheet transactions existing at a given date and up until their final maturity. Static processing factors in the stock of transactions and all flows from contracted commitments;
- a dynamic approach for liquidity risk (preparing the financing plan, evaluation of cash requirements) that includes business level forecasts over the current and following periods. Dynamic analyzes consider likely events resulting from commitments that have been made or are under option and uncertain events resulting from future activity.

Within the framework of these two approaches, assumptions or agreements are made about flows of assets and liabilities:

- balance sheet items with contractual maturities: the assumption applied is the contractual amortization of the item;

- balance sheet items without contractual maturity, such as capital and provisions, are subject to specific BPCE amortization assumptions.

Moreover, specific assumptions to certain products are modeled in order to adapt the cash flows. It depends on the probability of early repayment by the customers, of loan disbursement, or of deferred payments.

Early repayment and renegotiation assumptions are applied to each type of loan according to customer category (private individuals, professionals or local authorities) and the type of rate (fixed rate, adjustable rate or variable rate).

As regards information systems, the Financial Management Division uses a specific software package that is interfaced with the management systems.

Liquidity and interest rate risks are included in the Risk Appetite profile.

Liquidity risk monitoring

ORGANIZATION OF COMPAGNIE DE FINANCEMENT FONCIER'S FUNDING

The bulk of Compagnie de Financement Foncier's resources comes from medium and long-term issuances of *obligations foncières*.

In the first half of 2022, Compagnie de Financement Foncier issued €1,985bn of *obligations foncières*.

Furthermore, Compagnie de Financement Foncier has a number of potentially pledgeable assets that are eligible for the ECB's refinancing operations. At June 30, 2022, these outstandings amounted to €10.4bn in nominal value, divided into:

- €5.3bn in Public sector loans;
- €2.4bn in Public sector loans (L.211-38);
- €2.7bn in securities.

This financing option was not used by Compagnie de Financement Foncier in the first half of 2022.

LIQUIDITY RISK MONITORING

Liquidity risk is the risk that Compagnie de Financement Foncier may not be able to honor its liquidity requirements.

As explained in the section Methodology used to assess liquidity, interest rate and foreign exchange rate risks, liquidity requirements are

analyzed according to a combined static and dynamic approach. With the static approach, liquidity monitoring ensures that medium-term liquidity management does not concentrate liquidity requirements excessively over certain periods. The main indicator used is the static liquidity gap, depending on whether or not account is taken of Compagnie de Financement Foncier's capacity to raise liquidity over the next 20 years. The concentration of future bond maturities was also looked at.

The very prudent liquidity management policy continued in the first half of 2022. In addition to its cash, Compagnie de Financement Foncier may pledged significant eligible assets to meet the contractual maturities of its privileged debts, for at least six months, without new resources.

In particular, Compagnie de Financement Foncier is committed to dispose of sufficient assets eligible for the ECB after haircut to cover its privileged debt repayment commitments for at least 180 days.

At June 30, 2022, Compagnie de Financement Foncier had cash of €1.1bn, of which €1.05bn with Banque de France, and €4.6bn loaned to BPCE for a maximum of 60 days and fully guaranteed by a loan portfolio.

In a crisis, Compagnie de Financement Foncier would benefit from the mechanism available to groupe Crédit Foncier and described in its Contingency Plan (see Liquidity Contingency Plan, Page 63).

INDICATORS AND COMPLIANCE WITH LIMITS

INTRADAY MONITORING

As Compagnie de Financement Foncier has an account with the ECB, an intraday liquidity monitoring and oversight mechanism was implemented.

Compagnie de Financement Foncier thus has a certain amount of collateral at the ECB.

LCR (LIQUIDITY COVERAGE RATIO)

Compagnie de Financement Foncier's LCR complies with the 100% limit applicable since January 1, 2018.

LIQUIDITY STRESS

Compagnie de Financement Foncier prepares liquidity forecast measures on the basis of a base case, one-year and stress scenarios:

- major stress at three months (maintenance of a proportion of new production for the Group and a proportion of the funding) and subject to limits: a check is thus done to verify whether the liquidity buffer covers all the cash needs caused by the stress incident;
- disaster stress at three months resulting notably in the stopping of all new issuances and financing roll-overs; the liquidity position is compared with the liquidity buffer;
- moderate system-wide stress and high specific stress round out the system.

The stress test limit was complied with in the first half of 2022.

COMPLIANCE WITH THE PROVISIONS OF THE MAY 26, 2014 DECREE

180-DAY LIQUIDITY FORECAST

Compagnie de Financement Foncier ensures that at any given time its cash requirements are covered for a period of 180 days in accordance with the decree. This provision was respected for the first half-year 2022. A 180-day liquidity forecast is sent for certification to the Specific Controller and then to the ACPR quarterly.

ASSET/LIABILITY MATCHING INDICATOR AND MATURITY GAP

The asset/liability matching indicator requires that the average maturity of eligible assets, held to cover the 105% minimum regulatory overcollateralization ratio, may not exceed the average maturity of privileged liabilities by more than 18 months. The calculation is submitted quarterly for very close scrutiny to the Specific Controller and then to the ACPR.

COVERAGE PLAN FOR PRIVILEGED RESOURCES

The reporting institution defines, depending on its specific characteristics, the quarterly coverage plan of privileged liabilities that shall be applied in case it may no longer issue privileged liabilities. It is also sent for certification to the Specific Controller and then to the ACPR quarterly.

The institution declares, as of the statement date and every quarter until the last privileged resource is repaid, the following:

- assets used to cover privileged liabilities;
- safe and liquid securities and assets pursuant to Article R. 513-6 of the French Monetary and Financial Code;
- cash flows generated by all balance sheet assets and privileged liabilities;
- privileged resources.

The calculation of the level of coverage takes into account early repayments assumptions and a final asset loss rate.

LIQUIDITY CONTINGENCY PLAN

A liquidity contingency plan was defined for groupe Crédit Foncier, Crédit Foncier and Compagnie de Financement Foncier in implementation of the Groupe BPCE liquidity contingency plan.

It sets out the associated governance and liquidity measures with regard to the three stress levels: tension, high stress and crash stress.

Monitoring of overall interest rate risk

MANAGEMENT PROCEDURES

Compagnie de Financement Foncier is protected against interest rate and exchange rate risks.

As soon as an asset is recorded on the balance sheet, it is transformed, if necessary, into a variable-rate asset in euros. Macro-hedging swaps are entered into when acquiring loan portfolios, micro-hedging swaps are entered into for every transaction of significant size. Similarly, the debt issued by Compagnie de Financement Foncier is micro-swapped at the outset to transform it into euro-denominated variable rate liabilities.

Derivatives transactions are generally intermediated by Crédit Foncier and results in an intragroup swap between Crédit Foncier and Compagnie de Financement Foncier.

This intermediation strategy by Crédit Foncier does not generally apply to cross-currency swaps intended to hedge issues in foreign currencies or swaps structured to hedge private placements or certain FLA assets.

Given the various hedging mechanisms implemented by Compagnie de Financement Foncier at the time of transactions being entered into, an exposure to interest rate risk is limited to the possible distortion of the hedging transaction arising from events not known at the time of transaction conclusion and which occurred during the term of the contract (mainly early redemptions).

The interest rate position is reviewed each quarter by the Compagnie de Financement Foncier ALM Committee and macro-hedging transactions are entered into to keep interest rate gaps within the strict limits to which Compagnie de Financement Foncier has committed. The basic risks, resulting from different reference rates on positions already transformed into variable rates by swaps, are also managed through macro-hedges.

The approved transactions are set out operationally by the Financial Management Committee and then implemented by the Cash Management Division of Crédit Foncier, which is the only point of entry to the market available to Compagnie de Financement Foncier for this kind of transaction.

All of the counterparties to these currency or interest rate swaps have concluded collateralization agreements with Compagnie de Financement Foncier that require them to provide a security deposit to the benefit of the Compagnie de Financement Foncier in case of a debit position and depending on their rating. If the opposite situation occurs, these agreements stipulate that Compagnie de Financement Foncier shall not deposit any collateral. At June 30, 2022, the amount of deposits received was €0.1bn.

INTEREST RATE RISK MONITORING

Compagnie de Financement Foncier has adopted a static approach for measuring risk.

The fixed interest-rate gap is calculated from total outstandings both on- and off-balance sheet on the balance sheet date, using predefined assumptions and rules for asset and liability flows.

Variable rates by categories' buckets were also analyzed.

All of these indicators are monitored quarterly by the ALM and Balance Sheet and Liquidity Management Committee (CGBPL) and the Risk Executive Committee.

COMPLIANCE WITH LIMITS

LIMIT RELATED TO THE STATIC RATE GAP

Compagnie de Financement Foncier is committed to maintaining the level of its interest rate mismatches or gaps within the very narrow range defined by periods of observation.

These limits are fixed every year in terms of amount.

The current limits for interest rate gaps are:

Horizon	Limits expressed in €bn
0-2 years	1.5
2-4 years	1.7
4-8 years	2,1
Threshold over 8 years	2.1

The limits were complied with in the first half of 2022.

Monitoring of foreign exchange rate risk

Foreign exchange rate risk arises from exchange rate movements in currencies in which Compagnie de Financement Foncier's assets and liabilities are denominated that negatively affect the value of assets or commitments denominated in foreign currencies.

Compagnie de Financement Foncier prohibits any open foreign exchange positions. This means that all assets and liabilities denominated in currencies other than the euro are systematically swapped as soon as they are recognized on the balance sheet. Residual differences arising from the adjustment of balance sheet positions, particularly those created by cashing in margins, are adjusted monthly.

They are monitored by Crédit Foncier's Risk department, which centralizes month-end foreign exchange positions, by currency and by total amounts of foreign currencies.

Compagnie de Financement Foncier established an internal limit equal to the exchange value of €5m for all currencies combined and to €3m per currency. This limit was respected in the first half of 2022.

Monitoring settlement risk

This risk materializes when a settlement in a transfer system does not take place as anticipated, generally because of a third party.

Operational oversight of this risk for Compagnie de Financement Foncier is done by the Crédit Foncier cash management back office.

Compagnie de Financement Foncier has direct access to the market settlement systems of the Paris Stock Exchange for large transactions denominated in euros; it is a member of the European Target system. For transactions in foreign currencies and small transactions in euros, it has accounts with BPCE.

Daily procedures for monitoring settlement risk include:

- preparation of projected flow profiles;
- daily reconciliation of individual flows with forecasting;
- creation of a payment incidents database.

The escalation and governance process makes it possible to monitor settlement risks and classify them as default if necessary.

In the event of the definitive default of a settlement counterparty leading to Compagnie de Financement Foncier potentially being overdrawn with the Banque de France, there are provisions for hedging mechanisms to be put in place (interbank borrowing or end-of-day borrowing facility provided by the European Central Bank).

Compagnie de Financement Foncier has a contingency and business continuity plan for settlement under an agreement with BPCE. Accordingly, as regards its financial activities, Compagnie de Financement Foncier is covered by BPCE's Contingency and Business Continuity Plan.

OPERATIONAL RISKS

Within Groupe BPCE, operating risks are defined as the risk of loss resulting from inadequate or faulty procedures, personnel, information systems or external events. Operating risks include internal and external fraud, model risk and reputational risk.

Compagnie de Financement Foncier's operating risk management is entrusted to Crédit Foncier under service agreements signed between the two institutions. The greater part of operational risk is linked to the services outsourced to the parent company. Any consequence of operational incidents detected in the framework of a Crédit Foncier process relating to a Compagnie de Financement Foncier balance sheet item is borne by Crédit Foncier.

These risks include in particular accounting, legal, regulatory and tax risks, as well as risks relating to security of staff, property and information systems and models.

More specifically, the operating risks generated by Compagnie de Financement Foncier's own activities, which are limited to the Institutional Relations Division's functions, are also managed by Crédit Foncier according to Groupe BPCE rules.

These operational risks are specifically mapped and presented to the Operating Risks Committee every quarter.

General system

All of groupe Crédit Foncier's Operational Risk processes, including those of Compagnie de Financement Foncier, are managed by its Compliance and Permanent Control Division, which relies on the operating risk standards and methods employed by Groupe BPCE's Risk department and on groupe Crédit Foncier's operational risk policy.

Governance

For more information, see Compagnie de Financement Foncier's 2021 Universal registration document.

Management environment

MANAGEMENT NETWORK

Operational risk oversight and management is delegated to the managers of various divisions. Each manager relies on a network of representatives coordinated by a Risk Manager, with a functional link to the Compliance and Permanent Control Division.

METHODS AND TOOLS

For more information, see Compagnie de Financement Foncier's 2021 Universal registration document.

Organization of the Business Continuity Plan

In accordance with the service agreements between groupe Crédit Foncier and Compagnie de Financement Foncier, business continuity of Compagnie de Financement Foncier is covered by groupe Crédit Foncier's Business Continuity Plan. These agreements fall within the regulatory framework for Critical or Significant Outsourced Services (CSOS). In this regard, Crédit Foncier provides Compagnie de Financement Foncier with annual justification of the operational readiness of its system: changes to its plan and continuity exercises.

As the IT service has been delegated to the Group's operator, IT-CE, the IT Business Recovery Plan (BRP) is its responsibility.

Compagnie de Financement Foncier has its own BCP Manager who acts on its behalf in matters of compliance and maintaining the plan in deployment-ready condition in cooperation with the Crédit Foncier BCP team.

Information technology risk

Under the agreements governing its activity, Compagnie de Financement Foncier makes use of human and technical resources provided by Crédit Foncier. As a result, Compagnie de Financement Foncier benefits fully from the upgrades to Crédit Foncier's information system and from all of the systems that guarantee its proper operation and security.

Personal data protection

Compagnie de Financement Foncier relies on the human and technical resources provided by Crédit Foncier to ensure that its processes comply with the General Data Protection Regulation. It has its own data processing register and a designated Data Protection Officer.

Insurance

As Compagnie de Financement Foncier's servicer, Crédit Foncier insures the risks relating to its activity. Under service agreements with Compagnie de Financement Foncier, it provides insurance-related services on behalf of Compagnie de Financement Foncier.

As a result, Compagnie de Financement Foncier benefits from insurance policies taken out by BPCE primarily covering the following risks:

- IT fraud and malicious acts and subsequent losses arising out of banking operations;
- professional civil liability;
- civil liability of senior executives and corporate officers.

Legal risks

According to the service agreements that link Crédit Foncier to Compagnie de Financement Foncier, legal risks incurred by the latter are monitored by the Crédit Foncier's Legal Division.

Between 1984 and 1995, a French overseas departments (DOM) operator took out subsidized loans distributed by Crédit Foncier on behalf of the French State to finance the construction of rental properties with intermediate rents.

The difficulties it encountered led it to initiate bankruptcy proceedings at the end of 2016, at the same time as the collective insolvency proceedings of the other companies in its Group. Now almost all of the Group's companies have been put into court-ordered liquidation.

It is specified that the corresponding loan is secured by both real estate collateral on the assets financed and by the State guarantee, under Article L. 312-1 of the French Construction and Housing Code.

In 2019, after a call for tenders, the block sale of assets was authorized by the bankruptcy judge for an amount greater than the declared liabilities.

In addition, since 2019, Crédit Foncier and Compagnie de Financement Foncier have been the target of multiple civil and criminal legal actions initiated both by the Company Director on behalf of their group companies and by legal representatives.

At this stage, the majority of their claims, which sought to challenge the loan fees of Compagnie de Financement Foncier and to seek the liability of Crédit Foncier and Compagnie de Financement Foncier and indirectly of the State for the loans taken out and their restructuring, were rejected by the courts.

Groupe Crédit Foncier strongly disputes all of these motions and holds that these allegations are totally unfounded.

With regard to the disputed TEG (overall effective rate) in some of our loan offers, with which Crédit Foncier and Compagnie de Financement Foncier were confronted, like all market institutions, the vast majority of decisions were rendered in favor of lenders. Since this issue was taken up by the Legal department, more than 95% of final court decisions have been in favor of CFF/CieFF.

In addition, recent changes in legislation have been such as to discourage purely opportunistic lawsuits by borrowers and it is now even noted that some borrowers are discouraged and often withdraw their actions without waiting for an outcome to their lawsuits, which they know will be unfavorable.

In dynamic monitoring of this dispute, we also note that the flow of new assignments has ceased, which confirms overall, the robust decrease regularly observed for many months on this systemic risk for which only a stock of cases remains, which has been significantly reduced.

We have definitively entered the extinctive phase of the TEG litigation subject.

DEPENDENCY

Compagnie de Financement Foncier is not dependent upon any specific patents, licenses, industrial procurement contracts, or commercial or financial agreements.

NON-COMPLIANCE RISK

Compliance responsibilities for Compagnie de Financement Foncier are performed by the Crédit Foncier's Compliance and Permanent Control Division (DCCP) in accordance with the terms of the relevant agreements (framework agreement and internal control and compliance service agreement) between the two entities.

General system

Non-compliance risk monitoring and control is based on the methods used by BPCE. Non-compliance risk management is based on the risk mapping approach used by Groupe BPCE compliance.

It enables a permanent overview:

- of non-compliance risks, on the basis of 13 aggregate risks (including corruption risk this year), broken down into detailed risks taking into consideration the specific elements of Compagnie de Financement Foncier's scope of activity;
- of the system implemented to prevent or reduce them and to ensure that the most significant risks are, if necessary, subject to controls and action plans to better control them.

Non-compliance risks are identified using a dual approach:

- detecting and factoring the specific aspects of Compagnie de Financement Foncier into the implementation of statutory instruments to avoid potential implementation difficulties and to guarantee accurate translation into operating procedures;
- analyzing the results of permanent controls by Crédit Foncier's operational teams within the scope of Compagnie de Financement Foncier. These controls target the thematic non-compliance areas identified in the Group's compliance standards or the results of thematic approaches.

Financial security

Groupe Crédit Foncier ensures on behalf of Compagnie de Financement Foncier anti-money laundering and the financing of terrorism by means of a due diligence and monitoring system involving all Group stakeholders across the banking and credit transactions processes. This system includes adequate procedures as well as training and awareness programs for staff.

The Compliance and Permanent Controls Director is responsible for the Compliance Verification function. She is also Compagnie de Financement Foncier's Head of Investment Services Compliance.

The control of non-compliance risks is divided between:

- the controls carried out by Crédit Foncier on its business activity (real estate financing, financial management, etc.) which directly benefit Compagnie de Financement Foncier;
- the compliance controls specifically set up for Compagnie de Financement Foncier notably relate to compliance with the regulations that apply to the acquisition of receivables and the updating of the value of collateral.

Specific action plans are drawn up by the operational units to address dysfunctions identified during audits or revealed by recurrent operational risk incidents. These action plans are monitored by the relevant departments. These dysfunctions and the progress of the corresponding action plans are monitored by the Heads of Permanent Control at Crédit Foncier on the Internal Control Committee and Compagnie de Financement Foncier's Risk Executive Committee.

The DCCP also monitors regulatory changes that could impact Compagnie de Financement Foncier and that have not yet been taken into account in the compliance risk mapping established by the Group.

The system, incorporating the risk approach deriving from the anti-money-laundering regulations, provides for systematic scrutiny prior to forming any new customer relationship. Outstandings are regularly checked against international lists of persons with links to terrorism and for the application of sanctions and embargoes. Unusual events during the life of loans, in particular prepayments, are scrutinized by the Financial Security Unit of the Compliance and Permanent Control Division.

Compliance

BANKING COMPLIANCE

In addition to the application of the general compliance risk management system described above, the Compliance and Permanent Control Division of Crédit Foncier coordinates a number of systems.

In accordance with the Group's outsourcing policy, Compliance oversees the management of the risks of non-compliance of critical or important services and ensures their monitoring in the same way as an activity carried out internally. It also ensures the correct application of the PECl management system.

The Institutional Relations Division relies on the controls carried out by the dedicated control units and coordinated by the Compliance and Permanent Control Division to ensure that the risks of activities outsourced to Crédit Foncier are managed in accordance with the guidelines of the European Banking Authority on outsourcing and Groupe BPCE policy. The governance and supervision of outsourcing is carried out by the key outsourcing function entrusted to Crédit Foncier's Director of Organization and Transformation and an Outsourcing Committee.

The Crédit Foncier Compliance and Permanent Control Division coordinates the process of reviewing, producing and approving every new product, activity, distribution channel or service as all changes to an existing product. As part of this process, issues specific to Compagnie de Financement Foncier, in particular the eligibility of future outstandings for its balance sheet, are systematically examined.

VOLCKER RULE AND THE LAW ON THE SEPARATION AND REGULATION OF BANKING ACTIVITIES (SRBA)

Compagnie de Financement Foncier is subject to the French law No. 2013-672 dated July 26, 2013 on the Separation and Regulation of Banking Activities (SRBA), and, as subsidiary of BPCE SA to section 13 of the Bank Holding Company Act in the United States (BHCA), as amended by section 619 of the US Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203, HR 4173), and the related implementing regulations (Volcker Rule).

Ethics

Financial ethics standards incorporate market abuse regulatory measures pursuant to Regulation 596/2014 of the European Parliament, both regarding closely related persons and permanent and occasional insiders.

Compliance with the rules of financial ethics of Compagnie de Financement Foncier is ensured by Crédit Foncier Compliance, which ensures that the list of holders of an AMF professional card is updated, as well as the recording of market conversations.

On the basis of the work presented to the Volcker Committee of February 9, 2022, the Executive Management Committee of February 22, 2022 validated the effectiveness of the Volcker system implemented at Crédit Foncier under its five pillars (documentation, governance, including organization and internal certifications, control system, training program and archiving).

In addition, the Liquidity Management Plan was approved by Crédit Foncier's ALM and Balance Sheet and Liquidity Management Committee on December 13, 2021.

INVESTMENT SERVICES

Crédit Foncier's Compliance and Permanent Control department is responsible for verifying Compagnie de Financement Foncier's compliance.

Moreover, Compliance includes the requirements relating to MiFID II Regulations, such as product governance, transaction reporting, and the storage and recording of exchanges, in its system for managing market regulations compliance.

The Compliance and Permanent Controls Division is also responsible for supervising non-compliance risks related to customer knowledge.

Compliance has completed the preparation of the RCSI annual report pursuant to Article L. 621-8-4 of the French Monetary and Financial Code, which was filed on the AMF's GECO extranet on May 7, 2021.

At the same time, Crédit Foncier Compliance rolled out the Group's corruption mapping at Crédit Foncier and Compagnie de Financement Foncier, using corruption scenarios adapted to the activity of these two companies.

The financial ethics system also incorporates the provisions of law No. 2016 of December 9, 2016 (Sapin II), through procedures regarding the use of the whistleblowing system by employees, financial privacy and requirements in respect of amounts or benefits received. Employees receive regular reminders from Crédit Foncier's Compliance and Permanent Control department on these issues.



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INDIVIDUAL FINANCIAL STATEMENTS

Income statement

<i>(in €k)</i>	Notes	06/30/2022	06/30/2021	12/31/2021
Interest and similar income	1	730,312	881,733	1,728,256
Interest and similar expenses	1	-611,266	-768,065	-1,505,678
Net interests margin		119,046	113,668	222,577
Fees and commissions income	2	12,644	16,238	31,307
Fees and commissions	2	-399	-411	-937
Net gains/losses on trading portfolio transactions	3	57	-56	-88
Other banking income	4	623	709	18,010
Other bank operating charges	4	-2,047	-1,973	-19,345
Net banking income		129,923	128,175	251,524
Employee benefits expense	5	0	0	-41
Taxes and other contributions	5	-2,048	-2,333	-4,742
External services and other expenses	5	-44,028	-52,653	-98,135
Amortization		0	0	0
General operating expenses		-46,076	-54,986	-102,918
Gross operating income		83,847	73,189	148,606
Cost of risk	6	8,435	1,326	7,452
Gross income		92,282	74,515	156,058
Gains or losses on fixed assets	7	0	0	0
Income before tax		92,282	74,515	156,058
Non-recurring income		0	0	0
Income tax	8	-26,348	-23,964	-50,053
NET INCOME		65,934	50,551	106,004
Earnings per share* <i>(in €)</i>		0.69	0.32	0.67
Diluted earnings per share <i>(in €)</i>		0.69	0.32	0.67

* Earnings per share are calculated by dividing net income by the number of shares of the period.

Balance sheet

ASSETS

(in €k)	Notes	06/30/2022	06/30/2021	12/31/2021
Cash and amounts due from central banks		1,050,000	450,000	679,000
Treasury bills and equivalent	9	3,052,556	2,991,823	3,052,586
Loans and receivables due from credit institutions repayable on demand	10	17,275,080	22,721,611	22,073,625
■ <i>Sight deposit</i>		50,942	53,654	51,508
■ <i>Term</i>		17,224,138	22,667,957	22,022,118
Customer transactions	11	35,004,390	34,286,964	33,777,035
■ <i>Other facilities granted to customers</i>		35,004,390	34,286,964	33,777,035
Bonds and other fixed-income securities	9	2,994,178	3,150,167	3,086,251
Equity interests and other long-term investments		0	0	0
Intangible asset and property, plant and equipment		0	0	0
Other assets	12	19,709	15,739	15,690
Accrual accounts	13	1,147,294	1,333,071	1,250,744
TOTAL ASSETS		60,543,208	64,949,376	63,934,931

LIABILITIES

(in €k)	Notes	06/30/2022	06/30/2021	12/31/2021
Amount due to central banks		0	0	0
Due to credit institutions	14	4,365,604	5,869,386	5,009,751
■ <i>Sight deposit</i>		0	0	0
■ <i>Term</i>		4,365,604	5,869,386	5,009,751
Customer transactions		0	0	0
■ <i>Sight deposit</i>		0	0	0
Debt securities	15	52,245,896	53,859,396	53,673,477
■ <i>Interbank market instruments and negotiable debt securities</i>		0	0	0
■ <i>Bond issues (obligations foncières)</i>		52,245,896	53,859,396	53,673,477
Other liabilities	16	220,629	579,491	484,649
Accrual accounts	17	1,658,927	1,483,139	1,541,693
Provisions	18	12,420	481	12,425
Subordinated debts		0	0	0
Reserve for general banking risks		20,000	20,000	20,000
Equity excluding reserve for general banking risks	19	2,019,732	3,137,483	3,192,937
■ <i>Share capital</i>		1,537,460	2,537,460	2,537,460
■ <i>Additional paid-in capital</i>		209,867	343,002	343,002
■ <i>Reserves</i>		139,776	134,475	134,475
■ <i>Regulated provisions and investment subsidies</i>		0	0	0
■ <i>Retained earnings</i>		66,694	71,995	71,995
■ <i>Income to be allocated</i>		0	0	0
■ <i>Net income for the period</i>		65,934	50,551	106,004
TOTAL LIABILITIES AND EQUITY		60,543,208	64,949,376	63,934,931

Off-balance sheet

(in €k)	Notes	06/30/2022	06/30/2021	12/31/2021
TOTAL COMMITMENTS GIVEN				
Financing commitments		1,289,088	1,223,115	1,407,861
■ Commitments given to credit institutions	20 (20.1)	0	0	0
■ Commitments given to customers	20 (20.1)	1,289,088	1,223,115	1,407,861
Guarantee commitments		171,719	216,165	208,404
■ Commitments given to credit institutions	20 (20.1)	0	0	0
■ Other securities pledged as collateral	20 (20.1)	171,719	216,165	208,404
Commitments on securities		0	0	0
■ Other commitments given	20 (20.1)	0	0	0
TOTAL COMMITMENTS RECEIVED				
Financing commitments		20,753,286	23,440,410	23,352,895
■ Guarantees received from credit institutions	20 (20.2)	2,867,265	2,700,031	2,767,113
■ Other assets received as collateral from the Group	20 (20.2)	17,886,021	20,740,379	20,585,782
Guarantee commitments		27,887,427	29,693,617	27,787,877
■ Guarantees received from credit institutions	20 (20.2)	5,349,025	5,370,636	5,017,108
■ Commitments received from customers	20 (20.2)	22,538,401	24,322,982	22,770,768
Commitments on securities		0	0	0
TOTAL RECIPROCAL COMMITMENTS				
■ Sale and purchase of foreign currencies	21	10,381,669	11,127,451	10,678,476
■ Other financial instruments	21	51,355,944	50,555,608	50,434,385

The notes on the following pages are part of the half-year separate financial statements.

Notes to the financial statements of Compagnie de Financement Foncier

GENERAL FRAMEWORK

Compagnie de Financement Foncier is approved to operate as a *société de crédit foncier* under the Act of June 25, 1999, which deals with savings and financial security. As such, it is subject to Articles L. 513-2 to L. 513-27 of the French Monetary and Financial Code.

It is a credit institution accredited as a specialized credit institution under Act No. 2013-544 of June 27, 2013 on credit institutions and financing companies, in force as of January 1, 2014, which transposes into French legislation European Regulation (CRR) and directive (CRD IV). As such, it must comply with Regulation 99-10 of the CRBF (French Banking and Financial Regulation Committee) as amended, which mainly concerns *sociétés de crédit foncier* and notably:

- the valuation of real property that is financed by eligible loans that can be held as assets by *sociétés de crédit foncier*;
- the valuation of the assets and liabilities of such companies;
- their specific management policies.

Subsidiary of Crédit Foncier, Compagnie de Financement Foncier is affiliated to BPCE. As such, it is protected by the guarantee and liquidity facilities of Groupe BPCE.

SIGNIFICANT EVENTS OF THE FIRST HALF OF 2022

CURRENT ACTIVITY

During the first half of 2022, Compagnie de Financement Foncier acquired €3,271m in loans from Crédit Foncier de France including related receivables, plus €2m in financing commitments.

Article L. 211-38 of the French Monetary and Financial Code specifies the possibility for an institution to grant a loan to another financial institution, a loan whose repayment is secured by the creation of a guarantee on a group of receivables. Accordingly, Compagnie de Financement Foncier carried loans (primarily with its parent company, Crédit Foncier de France), in the total amount of €10,901m at June 30, 2022. The same facilities were also granted to BPCE SA, amounting to €4,560m at June 30, 2022, excluding related receivables. Total loans granted were collateralized for €17,886m.

Furthermore, as part of its business of funding eligible assets originated by the Groupe BPCE institutions, Compagnie de Financement Foncier refinanced receivables in the Public Sector in the amount of €1,718m, including €482m in the form of refinancing guaranteed by FLA loans, as well as financing commitments of €34m.

Replacement values of Compagnie de Financement Foncier, defined according to Decree 2007-745 of May 9, 2007 on the solvency of credit institutions, investment firms and *sociétés de crédit foncier* and amending the French Monetary and Financial Code, amounted to €4,609m, including related receivables. In addition to working cash balances, replacement values essentially comprise loans granted under Article L. 211-38 of the French Monetary and Financial Code.

With regard to refinancing, Compagnie de Financement Foncier issued €1,985m in *obligations foncières* during the first half of 2022.

Compagnie de Financement Foncier can also access refinancing lines with the Banque de France (overall collateral management – pool 3G). However, this option was not exercised during the first half of 2022.

RESOLUTIONS OF RECEIVABLES SALES

A transaction to resolve the sale of disputed *retail* receivables with Crédit Foncier was carried out in May 2022 in response to a request from the regulator. This transaction involved outstandings of €475m and led to the reversal of provisions made in the accounts of Compagnie de Financement Foncier for €7m.

REDUCTION OF SHARE CAPITAL

The Extraordinary General Shareholders' Meeting of Compagnie de Financement Foncier of March 28, 2022 authorized the Company's Board of Directors to reduce the share capital on one or more occasions for a total par value of €1bn.

These transactions took place in the second quarter and resulted in a capital reduction of €1bn as well as a reduction in the issue premium of €133.13m.

TAXES

In accordance with the consolidated tax agreement signed with Crédit Foncier de France, Compagnie de Financement Foncier recognized a tax charge of €17.3m vis-à-vis its parent company due to its taxable income of €67m. In addition, a deferred tax charge of €9m was recognized, bringing income tax to a total charge of -€26.3m.

POST-BALANCE SHEET EVENTS

In view of the latest economic and political events in Europe, and particularly in Italy, the close monitoring of outstandings in the Italian public sector (representing nearly €3bn) has not revealed at this stage the need to constitute provisions.

No events subsequent to closing liable to have a significant impact on the June 30, 2022 financial statements occurred between the closing date and July 28, 2022, the date on which the Board of Directors approved the financial statements.

GENERAL ACCOUNTING PRINCIPLES AND METHODS

VALUATION METHODS, PRESENTATION OF INDIVIDUAL FINANCIAL STATEMENTS AND CLOSING DATE

The annual individual financial statements of Compagnie de Financement Foncier are prepared and presented in accordance with the rules defined by BPCE, in compliance with Regulation No. 2014-07 of the French National Accounting Standards Authority.

The half-yearly individual financial statements for the fiscal year ended June 30, 2022 were approved by the Board of Directors on July 28, 2022.

Amounts presented in the financial statements and notes are stated in thousands of euros, unless otherwise stated. The rounding effects may, where applicable, generate differences between the amounts presented in the financial statements and those presented in the notes to the financial statements.

CHANGES IN ACCOUNTING METHODS

No change in accounting methods affected the financial statements for the fiscal year ended June 30, 2022.

The other texts adopted by the French National Accounting Standards Authority and mandatory in 2022 do not have a significant impact on the institution's individual financial statements.

The Company does not opt for early application of texts adopted by the French National Accounting Standards Authority, where such application is optional, unless specifically mentioned.

GENERAL ACCOUNTING POLICIES

The financial statements for the fiscal year are presented in an identical format as that used for the previous fiscal year. Generally accepted accounting principles have been applied on a prudent basis and in accordance with the following underlying assumptions:

- business continuity;
- consistency of accounting methods over time;
- independence of fiscal years; and
- in accordance with the general rules on the preparation and presentation of annual financial statements.

The basis method used to value accounting entries is the historical cost method. All balance sheet items are presented net of amortization, provisions and value adjustments.

Specific accounting policies are provided in various notes to the financial statements to which they relate.

PRINCIPLES APPLICABLE TO BANKING RESOLUTION MECHANISMS

The conditions of setting-up the guarantee fund of deposits and resolutions were changed by the decree of October 27, 2015. All the contributions for the mechanism of deposits, securities and guarantees paid either in the form of repayable deposits, deposit guarantee fund certificates or membership certificates represent an insignificant amount.

The Resolution Fund was built in 2015 pursuant to directive 2014/59/EU known as BRRD (Bank Recovery and Resolution Directive), which establishes a framework for the recovery and resolution of credit institutions and investment firms and European Regulation 806/2014 (MRU). As of 2016, it became a Single Resolution Fund (SRF) between member States participating in the Single Resolution Mechanism. An SRF is a resolution financing arrangement available to the resolution authority (Single Resolution Board) dedicated to the implementation of the resolution procedures.

Pursuant to Delegated Regulation 2015/63 and Implementing Regulation 2015/81 supplementing the BRRD directive on *ex-ante* contributions to the resolution's financing arrangements, the SRB set the contributions to the SRF for 2022. The amount of contributions paid by Compagnie de Financement Foncier for the half year represented €22m including €19m recognized as expenses and €3m as cash guarantee deposits entered on the asset side of the balance sheet (15% of the call for funds as cash guarantee deposits). The total amount of contributions entered on the asset side of the balance sheet amounted to €19m as of June 30, 2022.

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NOTE 1 Interest and similar income and expenses

INTEREST AND SIMILAR FEE – COMMISSION INCOME

Interest and similar fees and commissions is recognized in the income statement on a *prorata* basis.

Negative interest is presented as follows:

- negative interest on an asset is presented in interest expenses in NBI;
- negative interest on a liability is presented in interest income in NBI.

Fees and commissions for granting or acquiring a loan are treated as additional interest and spread over the effective life of the loan on a *prorata* basis according to the outstanding principal amount.

Income from bonds or negotiable debt securities is recognized for the portion accrued during the year. The same principle is applied for perpetual super-subordinated securities that meet the definition of a Tier 1 prudential capital instrument. The Group considers these revenues as interest.

<i>(in €k)</i>	06/30/2022			06/30/2021	12/31/2021
	Income	Expenses	Net	Net	Net
Interbank transactions	102,807	-23,665	79,142	84,245	169,580
Interest on Central Bank accounts		-2,151	-2,151	-3,703	-7,351
Interest on current accounts 2019 VERSION	85	0	85	24	76
Interest on forwards	102,581	-20,855	81,726	87,980	177,411
Interest on subordinated loans	0		0	0	0
Interest on receivables guaranteed (replacement values)	0	0	0	0	0
Interest on securities received/sold under repurchase agreements	0	-21	-21	-8	-8
Contingent liabilities and commitments	0		0	0	0
Other interest income and expenses	0	0	0	0	0
Hedging transactions (netting)	141	-638	-497	-48	-547
Hedged losses on receivables	0		0	0	0
Non-hedged losses on receivables	0		0	0	0
Net changes in provisions	0		0	0	0
Customer transactions	330,000	-23,257	306,743	328,983	646,564
Interest on demand deposits, term deposits and regulated savings accounts		0	0	0	0
Interest on loans to customers	315,548	0	315,548	341,217	670,772
Interest on subordinated loans	0		0	0	0
Interest on doubtful loans	12,700		12,700	13,945	31,605
Amortization of additional loans fees (CRC Regulation 2009-03)	1,635		1,635	1,795	3,732
Interest on ABS cash collateral	0		0	0	0
Other interest income and expenses	117	-459	-342	-761	-1,248
Income on financing and guarantee commitments	0		0	0	0
Hedging transactions (netting)	0	-22,913	-22,913	-25,016	-49,410
Hedged losses on receivables		-1,097	-1,097	-815	-1,233
Non-hedged losses on receivables		51	51	-518	-941
Net changes in provisions*		1,160	1,160	-864	-6,713
Finance lease transactions	0	0	0	0	0
Securities portfolio transactions	287,161	-462,815	-175,654	-197,447	-393,091
Interest on investment securities	0		0	0	0
Spreading of discounts/premiums on investment securities	0		0	0	0
Interest on held-to-maturity securities	134,363		134,363	137,496	276,319
Amortization of discounts/premiums on held-to-maturity securities	0	-15,075	-15,075	-16,897	-32,132
Interest on medium-term notes (BMTN) issued		0	0	0	0
Interest on certificates of deposits issued		0	0	0	0
Interest on mortgage notes issued		0	0	0	0
Interest and expenses on bond issuances		-447,741	-447,741	-587,090	-1,102,699
Interest on doubtful securities	0		0	0	0
Hedging transactions (netting)	152,798	0	152,798	269,044	465,421
Losses on non-recoverable receivables		0	0	0	0
Net changes in provisions	0		0	0	0
Subordinated debts	0	0	0	0	0
Payables on subordinated term securities		0	0	0	0
Payables on subordinated debt – credit institutions		0	0	0	0
Payables on subordinated debt – customers		0	0	0	0

(in €k)	06/30/2022			06/30/2021	12/31/2021
	Income	Expenses	Net	Net	Net
Other interest and similar income and expenses	10,344	-101,528	-91,185	-102,112	-200,476
Income on debt securities	10,337		10,337	11,158	22,196
Fees on credit derivatives		0	0	0	0
Commitments received/given on securities	0	-922	-922	-709	-1,358
Other interest income and expenses	0	0	0	0	0
Hedging transactions (netting)	0	-100,606	-100,606	-112,609	-221,425
Net changes in provisions	7	0	7	48	112
TOTAL INTEREST AND SIMILAR INCOME AND EXPENSES	730,312	-611,266	119,046	113,668	222,577

* Net impact on customer interest listed on net interest margin.

NOTE 2 Net fees and commissions

ACCOUNTING POLICIES

Commission income similar to interest is recognized as interests and other income and expenses (note 1).

Other commission income is recognized according to the type of service provided as follows:

- fees and commissions received for an immediate service recognized upon completion of the service;
- fees and commissions received for an ongoing or discontinued service paid for in installments: recognized over the period when the service is provided.

(in €k)	06/30/2022	06/30/2021	12/31/2021
Commissions on interbank and cash transactions (Net)	-7	-1	-2
Income	0	0	0
Expenses	-7	-1	-2
Commissions on transactions with customers (Net)*	12,574	16,161	31,103
Income	12,574	16,161	31,103
Expenses	0	0	0
Commissions on securities transactions (Net)	-314	-348	-820
Income	0	0	0
Expenses	-314	-348	-820
Other commissions (Net)	-8	14	88
Income	70	78	204
Expenses	-78	-63	-116
Income	12,644	16,238	31,307
Expenses	-399	-411	-937
NET FEES AND COMMISSIONS	12,245	15,827	30,370

* Commissions on customer transactions are the fees received from customers following early repayments. The level of these fees is therefore directly correlated to the volume of loans repaid. The average early repayment rate on loans to individuals was 8% of outstanding loans in the first half of 2022.

NOTE 3 Gains or losses on trading book transactions

ACCOUNTING POLICIES

Gains or losses on trading book transactions combine:

- balance-sheet and off-balance sheet gains or losses on trading book transactions;
- gains or losses realized on outright forward foreign exchange transactions, resulting from currency purchases and sales and the periodic evaluation of transactions in currencies and precious metals;

- gains or losses from transactions in forward financial instruments, including interest rates, exchange rates and stock market indices, whether these instruments are fixed or conditional, including where it involves hedging transactions of trading portfolio transactions.

(in €k)	06/30/2022	06/30/2021	12/31/2021
Gains on currency and arbitrage transactions	57	-56	-88
Expenses on financial forward instruments trading	0	0	0
Income from financial forward instruments trading	0	0	0
Expenses on conditional rates trading	0	0	0
Income from conditional rates trading	0	0	0
Losses on other financial instruments	0	0	0
Gains on other financial instruments	0	0	0
Addition to provisions for risks on financial forward instruments	0	0	0
Reversals from provisions for risks on financial forward instruments	0	0	0
NET GAINS OR LOSSES ON TRADING BOOK TRANSACTIONS AT FAIR VALUE THROUGH PROFIT OR LOSS	57	-56	-88

NOTE 4 Other banking income and expenses**ACCOUNTING POLICIES**

Other banking income and expenses cover the share realized on common operations, reinvoicing of banking income and expenses, income and expenses from the real estate and IT services business.

<i>(in €k)</i>	06/30/2022			06/30/2021	12/31/2021
	Income	Expenses	Net	Net	Net
Transfers of expenses and income, reallocated expenses	0	0	0	0	0
Other banking income and expenses ⁽¹⁾	623	-2,047	-1,424	-1,264	-1,335
Other operating income and expenses	623	-2,047	-1,424	-1,264	-2,435
Additions to and reversals from provisions for other operating income and expenses	0	0	0	0	1,100
TOTAL	623	-2,047	-1,424	-1,264	-1,335

(1) Details:

Other banking income and expenses	623	-2,047	-1,424	-1,264	-17,882
■ <i>Transfers to exceptional gains</i>	0	0	0	0	52
■ <i>Other operating income</i>	623	0	623	709	1,411
■ <i>Transfers to exceptional losses</i>	0	0	0	0	0
■ <i>Central institution contribution*</i>	0	-1,790	-1,790	-1,892	-3,785
■ <i>Other operating expenses</i>	0	-257	-257	-81	-113
■ <i>Additions to provisions</i>	0	0	0	0	-15,447

* Since 2020, and in correlation with the rebilling of Groupe BPCE "central institution" activities (listed in the French Monetary and Financial Code), the latter is now presented in NBI.

NOTE 5 Operating expenses

ACCOUNTING POLICIES

General operating expenses consist of personnel costs, including salaries and wages, social security contributions, taxes and duties relating to personnel costs. Other administrative expenses, including other taxes and duties and remuneration of external services are also recorded.

(in €k)	06/30/2022	06/30/2021	12/31/2021
EMPLOYEE BENEFITS EXPENSE	0	0	-41
Wages and salaries ⁽¹⁾	0	0	-41
Costs of defined-contribution plans	0	0	0
Other social security costs and payroll-based taxes	0	0	0
Charges/reversals of provisions for litigation	0	0	0
OTHER ADMINISTRATIVE EXPENSES	-46,076	-54,986	-102,876
Taxes and other contributions	-2,048	-2,333	-4,742
CET (local business tax) and CVAE (tax on company value added)	-752	-600	-1,376
Social solidarity contribution	-1,227	-1,612	-3,148
Other taxes	-69	-121	-218
Contribution to the supervision expenses of the ACPR ⁽²⁾			
Systemic banking risk tax			
Contributions to Single Resolution Fund			
Management fees to ECB			
Charges/reversals of provisions for tax disputes	0	0	0
External services	-44,028	-52,653	-98,135
Leasing	0	0	0
External services provided by the Group	-32,150	-42,411	-77,091
Contribution to the supervision expenses of the ACPR	-305	-290	-581
Systemic banking risk tax	0	0	0
Contributions to Single Resolution Fund	-9,429	-8,504	-17,008
Management fees to ECB	-722	-347	-983
Fees, subcontracting and services	-1,269	-995	-2,319
Advertising	-107	-41	-72
Remuneration of intermediaries	0	0	0
Transport and travel	0	0	0
Maintenance and repairs	0	0	0
Insurance premiums	0	0	0
Other external services	-46	-65	-81
Additions to/reversals from provisions for disputes relating to external services	0	0	0
Additions to/reversals from provisions for external services costs	0	0	0
Other expenses	0	0	0
Transfers of expenses	0	0	0
OPERATING EXPENSES	-46,076	-54,986	-102,918

(1) The total amount of Directors' fees allocated to management bodies at December 31, 2021 amounted to €41.25k. Following the decision of the Board of Directors of Compagnie de Financement Foncier on February 9, 2016, no additional remuneration (other than attendance fees) has been paid to the executive bodies since February 1, 2016.

(2) Compagnie de Financement Foncier now follows the position of Groupe BPCE and classifies its banking contributions as outside services.

NOTE 6 Cost of risk**ACCOUNTING POLICIES**

The cost of risk item includes only the cost related to credit risk (or counterparty risk). Credit risk is the existence of a potential loss related to a possibility of default of the counterparty on the commitments it has given. Counterparty refers to any legal entity benefiting from a credit or a commitment by signing, party to a forward financial instrument or issuer of a debt instrument.

The cost of credit risk is assessed when the receivable is classified as doubtful, that is to say when the risk is proven as soon as it is probable that the institution will not receive all or part of the sums due in respect of the commitments given by the counterparty in accordance with the initial contractual provisions, notwithstanding the existence of a guarantee or surety.

Credit risk is also assessed when credit risk is identified on loans that are not doubtful but that have seen a significant increase in credit risk since initial recognition (See notes 9, 10 and 11).

The cost of credit risk therefore consists of all the allocations and reversals of impairment of receivables from customers, credit institutions, fixed income investment securities (in the event of a proven default risk by the issuer), provisions for off-balance sheet commitments (excluding off-balance sheet financial instruments) as well as losses on non-recoverable receivables and recoveries of bad debts written off.

However, are included allocations and reversals of provisions, losses on non-recoverable receivables or recoveries of bad debts written off relating to interest on doubtful loans and receivables, whose provisioning is compulsory are included under the items Interest and similar income and other banking income in the income statement. For trading securities, investment securities, portfolio activity and forward financial instruments, the cost of counterparty risk is carried directly to the items recording gains and losses on these portfolios, except in the event of risk of proven counterparty default, where this component can be effectively isolated and the provision movements on counterparty risk are then entered under cost of risk.

(in €k)	06/30/2022			06/30/2021	12/31/2021
	Expenses	Income	Net	Net	Net
Net additions/reversals on held-to-maturity securities	0	0	0	0	0
Net additions/reversals on securities transactions	0	0	0	0	0
Net additions/reversals on customer transactions	-4,051	19,393	15,342	7,358	13,768
Impairment of customer transactions*					
Impairment of customer transactions on doubtful loans*	-3,112	19,393	16,281	5,510	11,331
Impairment of customer transactions on performing loans*	-937	0	-937	1,774	2,312
Provisions for counterparty risks on performing loans	-2	0	-2	73	124
Other provisions for contingencies and charges	0	0	0	0	0
Losses/recoveries on customer transactions	-11,403	4,496	-6,907	-6,032	-6,316
Losses on irrecoverable loans and receivables covered by provisions	-5,366	0	-5,366	-5,643	-6,041
Losses on irrecoverable loans and receivables not covered by provisions	-3,959	0	-3,959	-3,328	-4,894
Recoveries of bad debts written off	0	4,496	4,496	5,391	10,316
Legal fees and litigation	-2,079	0	-2,079	-2,452	-5,697
Losses/recoveries on other transactions	0	0	0	0	0
Losses on the covered irrecoverable loans and receivables	0	0	0	0	0
COST OF RISK	-15,454	23,889	8,435	1,326	7,452

* In the context of the individual financial statements closing at December 31, 2018, as a result of the coming into force of IFRS 9 and in accordance with the decision of the IFRS 9 Steering Committee on October 6, 2017, the Group decided to follow the methodology for determining collective provisions (previously based on IAS 39) on the methodology for assessing expected credit losses (ECL S2).

NOTE 7 Gains or losses on fixed assets

ACCOUNTING POLICIES

Gains or losses on fixed assets include gains or losses on transactions in held-to-maturity securities, arising from the difference between reversals of provisions and capital gains on disposals and additions to provisions and capital losses on disposal.

(in €k)	06/30/2022	06/30/2021	12/31/2021
Capital gains or losses on disposals of long-term securities	0	0	0
Capital gains or losses on disposals of held-to-maturity securities	0	0	0
Additions for impairment on held-to-maturity securities	0	0	0
Reversals for impairment on held-to-maturity securities	0	0	0
GAINS OR LOSSES ON OTHER ASSETS	0	0	0

NOTE 8 Income tax

INCOME TAX

Compagnie de Financement Foncier has opted for accounting of deferred taxes on an unconsolidated basis. According to the principle of universality, this option applies to all temporary differences recognized in assets and liabilities.

The tax charge recorded in the income statement corresponds to corporate tax charges, deferred tax expense liabilities and changes in tax reserves.

Compagnie de Financement Foncier is included in BPCE's tax consolidation group and in Crédit Foncier's subgroup. Pursuant to the

tax consolidation agreement signed on November 18, 2014, the tax charge payable is calculated and recognized as if there were no tax consolidation.

In case of fiscal deficit, Compagnie de Financement Foncier will receive from Crédit Foncier a tax revenue equaling the income tax saving given to Crédit Foncier through the use of its fiscal deficit and will be deprived of the deferred losses for the determination of its future corporate tax expense.

As at June 30, 2022, Compagnie de Financement Foncier recognized a total tax expense of €26.35m.

(in €k)	06/30/2022	06/30/2021	12/31/2021
Tax expense components			
Current tax expenses (income)*	-17,316	-5,629	-21,483
Deferred tax liabilities (income)*	-9,032	-18,335	-28,571
Provisions for deferred taxes	0	0	0
Provisions for risks or for tax litigations	0	0	0
TOTAL	-26,348	-23,964	-50,053
Breakdown of deferred taxes for the period			
Termination swap balance	-6,235	-11,989	-20,951
Client provisions including credit risk provisions	347	554	2,736
Provisions for investment securities			
Other temporary differences	-3,144	-6,900	-10,356
TOTAL	-9,032	-18,335	-28,571

* Pursuant to the tax consolidation agreement signed by Compagnie de Financement Foncier, BPCE and Crédit Foncier, the Company has recognized as income the potential tax saving stemming from the deficit recorded for the period, to be received from Crédit Foncier, the consolidating parent company (See Note 4). Conversely, the Company has recognized a potential tax expense stemming from the tax benefit recorded for the period, to be paid to Crédit Foncier, the consolidating parent company.

NOTE 9 Treasury bills, bonds and other fixed-income securities

ACCOUNTING POLICIES

The term “securities” includes interbank market securities, treasury bills, other negotiable debt securities, bonds and other fixed-income instruments, equities and other variable-income instruments.

Security transactions are subject to accounting Regulation No. 2014-07 of the French National Accounting Standards Authority defining general rules governing the accounting and valuation of securities and the rules concerning certain specific transactions such as repurchase agreements.

Securities are classified as follows: equity investments and shares of related companies, other securities held long-term, held-to-maturity debt securities, portfolio securities (equity available for sale in the medium term), available-for-sale securities and trading securities.

With respect to trading securities, securities available for sale, held-to-maturity securities and portfolio activity, any known counterparty default risk whose impact can be separately identified is recognized in the form of impairment loss. Changes in impairment are recorded under cost of risk.

Compagnie de Financement Foncier does not hold trading securities, equity securities available for sale in the medium term or available for sale securities.

Moreover, as a *société de crédit foncier*, Compagnie de Financement Foncier cannot hold equity investments, even as a minority interest. It only holds one share in SGFGAS which enables it to acquire loans secured by the French government on behalf of SGFGAS. This investment was approved by the regulatory authority.

Finally, disposals of securities are recognized in the financial statements of Compagnie de Financement Foncier on the “settlement-delivery” date and not on the transaction date.

HELD-TO-MATURITY SECURITIES

Held-to-maturity securities are fixed-income securities with fixed maturity, acquired or reclassified from the category “Trading securities” or “Available-for-sale securities”, with the clear intention and ability to hold them until maturity. These securities must not be subject to any existing restrictions, legal or other constraints that could compromise the capacity to hold them until maturity. The classification to securities held to maturity does not prevent them from being considered as items hedged against interest rate risk.

Securities held to maturity are recorded at cost excluding transaction costs, on their acquisition date. When previously classified as available for sale, they are recorded at cost and the previously recognized impairments are reversed over the residual life of the relevant securities. The difference between the acquisition cost and the redemption value of these securities, as well as the corresponding interest, are subject to the same rules that apply to fixed income securities available for sale.

An impairment loss may be recognized against these securities if there is a strong probability that the bank will not hold them until maturity due to new developments or if there is a risk that the issuer of the securities will default. Unrealized gains are not recognized.

Securities held-to-maturity cannot be sold or transferred into another category of security, except for certain cases detailed in Article 2341-2 of Regulation No. 2014-07 of the French National Accounting Standards Authority.

(in €k)	06/30/2022			06/30/2021			12/31/2021		
	Available-for-sale securities	Investment securities	Total	Available-for-sale securities	Held-to-maturity securities	Total	Available-for-sale securities	Held-to-maturity securities	Total
Treasury bills and equivalent*	0	2,996,328	2,996,328	0	2,936,863	2,936,863	0	3,012,810	3,012,810
Related receivables	0	56,228	56,228	0	54,961	54,961	0	39,776	39,776
Subtotal	0	3,052,556	3,052,556	0	2,991,823	2,991,823	0	3,052,586	3,052,586
Bonds*	0	2,957,934	2,957,934	0	3,109,887	3,109,887	0	3,047,484	3,047,484
Interbank market instruments (mortgage notes)*	0		0	0		0	0		0
Negotiable debt securities	0		0	0		0	0		0
Securitization units*		0			0			0	
Related receivables	0	36,244	36,244	0	40,280	40,280	0	38,767	38,767
Subtotal	0	2,994,178	2,994,178	0	3,150,167	3,150,167	0	3,086,251	3,086,251
Doubtful loans and securities including related receivables	0	0	0	0	0	0	0	0	0
GROSS AMOUNTS	0	6,046,734	6,046,734	0	6,141,990	6,141,990	0	6,138,837	6,138,837
Impairment on fixed-income securities	0	0	0	0	0	0	0	0	0
NET AMOUNTS	0	6,046,734	6,046,734	0	6,141,990	6,141,990	0	6,138,837	6,138,837

* Of which:

	06/30/2022	06/30/2021	12/31/2021
Listed securities	5,695,992	5,767,394	5,801,907
Unlisted securities	258,270	279,356	258,297
TOTAL EXCLUDING RELATED RECEIVABLES	5,954,262	6,046,750	6,060,204

Listed securities are normally available securities denominated in euros that are eligible for the ECB operations, as well as listed securities in other currencies. Unlisted securities now consist solely of bonds.

Under Regulation No. 2014-07 of the French National Accounting Standards Authority, the aggregate fair value of the investment portfolio amounted to €6,615.78m at June 30, 2022, excluding related receivables.

Unrealized capital gains on held-to-maturity securities amounted to €727.67m at June 30, 2022, before swaps. At December 31, 2021, unrealized capital gains on held-to-maturity securities amounted to €1,409.31m, before swaps.

Unrealized capital losses on held-to-maturity securities amounted to €66.16m at June 30, 2022, before swaps. At December 31, 2021, unrealized capital losses on held-to-maturity securities amounted to €71.19m, before swaps.

The Company did not reclassify any securities to the "Held-to-maturity securities" portfolio either during the 2022 fiscal year or in previous years.

NOTE 9 A Sovereign risk

At June 30, 2022, the net exposures of the Compagnie de Financement Foncier to sovereign risk in these countries were:

Held-to-maturity securities (in €m)	06/30/2022			06/30/2021			12/31/2021		
	Carrying amount	Market value	Value after swap*	Carrying amount	Market value	Value after swap*	Carrying amount	Market value	Value after swap*
Italy	2,205.2	2,565.9	1,931.3	2,213.2	3,023.8	1,917.2	2,208.0	2,966.1	1,886.4
Poland	324.7	387.0	302.2	350.3	423.0	307.6	352.1	438.8	330.6
TOTAL	2,529.9	2,952.9	2,233.5	2,563.5	3,446.8	2,224.8	2,560.0	3,404.9	2,217.0

* Fair value of the security taking into account the microhedging swap.

The values given above exclude related receivables. Carrying amounts are measured at the closing date if the securities are denominated in foreign currencies.

The maturity dates of net exposures in nominal value as of June 30, 2022 are presented below:

	Residual maturity		
	< 8 years	> 8 years and < 10 years	> 10 years
Italy	1,082.7	0.0	1,020.7
Poland	148.6	0.0	176.1
TOTAL	1,231.3	0.0	1,196.8

The global exposure of the Compagnie de Financement Foncier to the International public sector is also identified in the Risk Management report.

NOTE 9 B Change in held-to-maturity securities

(in €k)	Gross 12/31/2020	Acquisitions	Disposals/Redemptions*	Reclassifications	Current change	Currency differences	Gross 12/31/2021	Acquisitions	Disposals/Redemptions*	Reclassifications	Current change	Currency differences	Gross 06/30/2022
Held-to-maturity securities	6,332,698	0	0		-384,114	111,710	6,060,294	0	0		-205,136	99,104	5,954,262
TOTAL	6,332,698	0	0		-384,114	111,710	6,060,294	0	0		-205,136	99,104	5,954,262
Related receivables	84,454				-5,911	0	78,543				13,930	0	92,473
OVERALL TOTAL	6,417,152	0	0	0	-390,025	111,710	6,138,837	0	0	0	-191,207	99,104	6,046,734

* Disposals were conducted in accordance with the possibilities offered by Regulation No. 2014-07 of the French National Accounting Standards Authority, Article No. 2341-2, especially in cases of regulatory constraints.

These data are valued before swap, at the closing exchange rate.

NOTE 9 C**Reclassification of financial assets****ACCOUNTING POLICIES**

In order to harmonize accounting practices and ensure compliance with IFRS, Regulation No. 2014-07 of the French National Accounting Standards Authority includes the provisions of Notification No. 2008-19 of December 8, 2008 regarding transfers of securities out of the “Trading securities” and the “Securities available for sale” categories.

The reclassification out of the “Trading securities” category to the “Available-for-sale securities” and “Held-to-maturity securities” categories is now allowed under either of the following conditions:

- under exceptional market circumstances that require a change of strategy;
- when fixed-income securities are no longer, after their acquisition, tradable on active markets, and provided that the Company has the intention and the capacity to hold them in the foreseeable future or until they reach maturity.

Reclassifications from the “Available-for-sale securities” category to the “Held-to-maturity securities” are effective as from the reclassification date under either of the following conditions:

- under exceptional market circumstances that require a change of strategy;
- when fixed-income securities are no longer tradable on an active market.

Note that the French National Accounting Council, in its press release of March 23, 2009, specifies that portfolio transfer options, in particular from the securities available for sale portfolio to the held-to-maturity securities portfolio, as provided for by Article 19 of CRB Regulation No. 90-01 before its update by Regulation No. 2008-17, remain in force and are not repealed by Regulation No. 2014-07 of the French National Accounting Standards Authority (ANC).

Since Regulation No. 2008-17 of the CRC replaced by Regulation No. 2014-07 of French National Accounting Standards Authority provides for additional options of transfers between portfolios, these new transfer options complete the ones defined above, and this, as of the date of application of this regulation on July 1, 2008.

Consequently, a reclassification from the available for sale securities portfolio to the held-to-maturity securities portfolio remains possible with a simple change of intention, if on the day of the transfer, all the criteria of the investment portfolio are met.

No portfolio reclassification took place in the first half of 2022 as Compagnie de Financement Foncier did not own trading securities or securities available for sale.

NOTE 10 Receivables due from credit institutions**ACCOUNTING POLICIES**

Loans to credit institutions comprise all loans and advances arising out of banking transactions, with the exception of debt securities. They include securities received under repurchase agreements, regardless of the type of underlying, and loans and advances relating to securities repurchase agreements. Loans and advances are broken down into the sub-categories “Demand loans and advances” and “Term loans and advances”.

Loans to credit institutions are recorded in the balance sheet at their nominal value or acquisition cost and include accrued interest that is not yet due but is net of any impairment charges recognized for credit risk.

Securities received are recognized off-balance sheet. They are revalued on a regular basis. The total carrying amount of all guarantees received for a single loan is limited to the outstanding amount of this loan.

RESTRUCTURED LOANS

Within the meaning of ANC Regulation No. 2014-07 of the French National Accounting Standards Authority, restructured loans are doubtful loans and receivables whose initial contractual characteristics (term and interest rate) have been modified to ensure repayment by the counterparty.

DOUBTFUL LOANS AND RECEIVABLES

Doubtful loans and receivables consist of all outstanding amounts, whether or not due and guaranteed or otherwise, where at least one commitment made by the debtor has involved a known credit risk, classified as such on an individual basis. A risk is considered to be “known” when it is probable that the Group will not collect all or part of amounts owed under the terms of the commitments made by the counterparty, notwithstanding any guarantee or surety provided.

Compagnie de Financement Foncier has no receivables due from credit institutions falling under restructured or doubtful loans and receivables. When the collection of loans or other receivables is considered to be uncertain, an impairment loss is recognized on the asset to cover the risk of loss. Impairment losses are calculated on a case-by-case basis, taking into account the present value of the guarantees received. They are determined on at least a quarterly basis, on the basis of the estimated credit risk and the guarantees provided. Impairment losses cover at a minimum the interest not received on doubtful loans.

As of June 30, 2022, there were no doubtful payables due from credit institutions. Accordingly, no impairment was recorded.

REPURCHASE AGREEMENTS

Repurchase agreements delivered are recognized in accordance with the provisions of Regulation No. 2014-07 of the French National Accounting Standards Authority completed by amended directive No. 94-06 of the Banking Commission.

The transferor records the amount received under liabilities, representing its debt vis-à-vis the purchaser. The purchaser records the amount paid, representing its claim against the transferor, as an asset.

At the balance sheet date, the collateralized assets, as well as the debt vis-à-vis the purchaser and the claim against the transferor, are valued according to the rules that apply to each.

<i>(in €k)</i>	06/30/2022	06/30/2021	12/31/2021
Demand loans to credit institutions	50,942	53,654	51,508
Current accounts with overdrafts	50,942	53,654	51,508
Overnight loans	0	0	0
Unallocated items (demand)	0	0	0
Related receivables	0	0	0
Term loans to credit institutions	17,224,138	22,667,957	22,022,118
Term accounts and loans	599,470	547,395	579,157
Secured receivables under L. 211-38 (described in greater detail in note 10 A)	16,618,143	22,114,403	21,435,325
Securities bought under repurchase agreements	0	0	0
Subordinated loans and participating loans	0	0	0
Related receivables	6,524	6,159	7,636
Doubtful loans and receivables	0	0	0
GROSS AMOUNT OF TERM LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	17,275,080	22,721,611	22,073,625
Impairment of doubtful loans	0	0	0
Impairment of doubtful loans	0	0	0
NET AMOUNT OF TERM LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	17,275,080	22,721,611	22,073,625
Breakdown of term receivables (Group/non-Group)			
Term accounts and loans			
■ Including Group transactions	0	0	0
■ Including non-Group transactions	599,470	547,395	579,157
Secured receivables			
■ Including Group transactions	16,618,143	22,114,403	21,435,325
■ Including non-Group transactions	0	0	0
Related receivables			
■ Including Group transactions	6,521	6,159	7,636
■ Including non-Group transactions	3	0	0
Group receivables	16,624,664	22,120,562	21,442,961
Non-Group loans	599,474	547,395	579,157
TOTAL	17,224,138	22,667,957	22,022,118
Breakdown of demand accounts (Group/non-Group)			
Demand accounts and loans			
■ Including Group transactions	50,786	51,035	51,334
■ Including non-Group transactions	157	2,619	174
Related receivables			
■ Including Group transactions	0	0	0
■ Including non-Group transactions	0	0	0
Unallocated amounts			
■ Including Group transactions (at Crédit Foncier's scope)	0	0	0
■ Including non-Group transactions	0	0	0
Group receivables	50,786	51,035	51,334
Non-Group loans	157	2,619	174
TOTAL	50,942	53,654	51,508

NOTE 10 A

Breakdown of term loans outstanding to credit institutions

(in €k)	06/30/2022			06/30/2021	12/31/2021
	Gross amount	Impairment	Net amount	Net amount	Net amount
Term loans					
Refinancing of subsidized residential property	0		0	0	0
Refinancing of unsubsidized residential property	0		0	0	0
Public entities	599,474		599,474	547,395	579,157
Other loans to credit institutions ⁽¹⁾	16,624,664		16,624,664	22,120,562	21,442,961
Doubtful term loans					
NET AMOUNT OF TERM LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	17,224,138	0	17,224,138	22,667,957	22,022,118
<i>(1) Of which:</i>					
Replacement values pursuant to L. 211-38, with BPCE	4,560,000		4,560,000	6,600,000	6,600,000
Loans guaranteed by loans and receivables (Local authorities, Individuals, Corporates) pursuant to L. 211-38, with Crédit Foncier	10,900,900		10,900,900	15,387,000	14,134,000
Loans guaranteed by local authority receivables pursuant to L. 211-38, with BPCE, CEP and Banques Populaires	1,157,243		1,157,243	127,403	701,325
Related and other receivables	6,521		6,521	6,159	7,636
TOTAL	16,624,664	0	16,624,664	22,120,562	21,442,961

NOTE 11 Customer transactions

ACCOUNTING POLICIES

Amounts due from customers include loans to entities other than credit institutions, with the exception of debt securities issued by customers, assets purchased under resale agreements and receivables corresponding to securities sold under repurchase agreements. They are broken down into business loans, current accounts with overdrafts and other facilities granted to customers. Loans issued to customers are recorded in the balance sheet at their nominal value or acquisition cost and include accrued interest that is not yet due but is net of any impairment charges recognized for credit risk. The commissions and marginal transaction costs that are amortized are integrated into the outstanding loan in question.

Amounts not yet paid are recognized as off-balance sheet items under "Financing commitments given".

Compagnie de Financement Foncier acquires loan and other receivables at market value. The difference between the market value and the net book value of the loans, known as a premium or discount depending on whether it is positive or negative, is recorded in a sub-account of the customer loans account.

Premiums and discounts on receivables acquired are then taken to the year's income on an actuarial basis over the remaining term of the receivables.

Past due payments are recorded as assets in each receivables category, unless they are considered as doubtful. In this case, they are included in the doubtful loans category.

The commissions and marginal transaction costs that are amortized are integrated into the outstanding loan in question.

Early repayment penalties are fully recognized in the income statement for the fiscal year during which the transactions took place. Renegotiation penalties are amortized over the duration of renegotiated loans.

In compliance with BPCE standards, Compagnie de Financement Foncier recognizes guarantees that are explicitly or implicitly attached to certain types of customer loans recorded on the balance sheet and which are of a sufficiently material nature, such as the value of mortgages or counter-guarantees received from SGFGAS and assumed by the French government (See Note 20.2 on commitments received). They are revalued on a regular basis. The total carrying amount of all guarantees received for a single loan is limited to the outstanding amount of this loan.

Securities received are recognized off-balance sheet. They are revalued on a regular basis. The total carrying amount of all guarantees received for a single loan is limited to the outstanding amount of this loan.

RESTRUCTURED LOANS

Within the meaning of ANC Regulation No. 2014-07 of the French National Accounting Standards Authority, restructured loans are doubtful loans and receivables whose initial contractual characteristics (term and interest rate) have been modified to ensure repayment by the counterparty.

A discount is taken on restructured loans to reflect the difference between the present value of the contractual cash flows at inception and the present value of expected principal and interest repayments after restructuring. The discount rate used for fixed-rate loans is the initial effective interest rate and the discount rate used for floating-rate loans is the most recent effective interest rate prior to the restructuring date. The effective rate is the contractual rate. This discount is recorded in "Cost of risk" in the income statement and offset against the corresponding outstanding in the balance sheet. It is written back in net interest income in the income statement over the life of the loan using a yield-to-maturity approach.

A restructured loan may be reclassified as performing when the new payment due dates are respected. When a loan that has been reclassified becomes overdue, regardless of the restructuring terms agreed, the loan is downgraded to doubtful.

DOUBTFUL LOANS AND RECEIVABLES

Doubtful loans and receivables consist of all outstanding amounts, whether or not due and guaranteed or otherwise, where at least one commitment made by the debtor has involved a known credit risk, classified as such on an individual basis. A risk is considered to be “known” when it is probable that the Group will not collect all or part of amounts owed under the terms of the commitments made by the counterparty, notwithstanding any guarantee or surety provided.

Notwithstanding ANC Regulation No. 2014-07, the identification of doubtful loans is carried out, in particular with regard to unpaid loans for at least three consecutive months, in line with the default cases laid down in Article 178 of EU Regulation 575/2013 of June 26, 2013 on prudential requirements applicable to credit institutions and EBA guidelines (EBA/GL/2016/07) on the application of default determination and ECB delegated Regulation 2018/1845 on critical threshold measurement for unpaid credit obligations, effective no later than December 31, 2020. The definition of non-performing loans is thus clarified by the introduction of a relative threshold and an absolute threshold applicable to past-due receivables, to identify default cases, the clarification of the criteria for reverting to performing loans with a mandatory probation period and the introduction of explicit criteria for classifying restructured loans as default.

Doubtful loans are considered to be irrecoverable when full or partial collection is deemed to be highly unlikely and a write-off is considered. Receivables that have lapsed, terminated leases, open-ended competitions, whose closure has been notified are presumed to be entered as compromised doubtful loans. The decision to reclassify a doubtful loan as irrecoverable and the amount of impairment determined must take into account the guarantees provided and the recent loan repayment history. A debt that has been classified as doubtful for more than one year is assumed to be irrecoverable, unless a write-off is not foreseen. Reclassification of a debt from doubtful to irrecoverable does not automatically entail the reclassification of the counterparty's other doubtful loans and commitments to irrecoverable.

For doubtful loans and receivables, accrued interest or interest due but not received is recognized under income from banking operations and impaired accordingly. Where the receivable is classified as compromised, accrued interest that has not been collected is no longer recognized.

More generally, doubtful loans and receivables are reclassified as performing once the debtor restarts regular payments in accordance with the original repayment schedule, provided that the counterparty is no longer considered to be at risk of default.

REPURCHASE AGREEMENTS

Repurchase agreements delivered are recognized in accordance with the provisions of Regulation No. 2014-07 of the French National Accounting Standards Authority completed by amended directive No. 94-06 of the Banking Commission.

The transferor records the amount received under liabilities, representing its debt vis-à-vis the purchaser. The purchaser records the amount paid, representing its claim against the transferor, as an asset. At the balance sheet date, the collateralized assets, as well as the debt vis-à-vis the purchaser and the claim against the transferor, are valued according to the rules that apply to each.

IMPAIRMENT LOSS

When the collection of loans or other receivables is considered to be uncertain, an impairment loss is recognized on the asset to cover the risk of loss. Impairment losses are calculated on a case-by-case basis, taking into account the present value of the guarantees received and the costs of taking possession and selling the collateral. They are determined on at least a quarterly basis, on the basis of the estimated credit risk and the guarantees provided. Impairment losses cover at a minimum the interest not received on doubtful loans.

Impairment for probable losses includes all impairment charges, calculated as the difference between the principal outstanding and the projected cash-flows discounted at the initial effective interest rate. Projected cash flows are determined based on the type of receivables on the basis of historical losses and/or expert appraisals and are positioned over time using debt schedules based on historic recovery records.

Impairment provisions and reversals where there is a risk of non-recovery are recognized under “Cost of risk” except for impairment of interest on doubtful loans and receivables which, like the interest thus impaired, is booked under “Interest and similar income”.

The risk is assessed on a case-by-case basis for loans of a significant amount and automatically for the others taking into account the present value of the guarantees received. Once litigation begins, the collateral value is haircut.

For loans to the subsidized sector and those guaranteed by SGFGAS, on behalf of the French government, the share of the risk assumed by the latter is also taken into account.

Since loans transferred or sold to Compagnie de Financement Foncier are recorded on the balance sheet at their acquisition value, it is with respect to this initial cost that impairment is calculated.

Pursuant to the asset transfer agreement between Crédit Foncier and Compagnie de Financement Foncier, there is a mechanism that when only a portion of a loan is acquired, Compagnie de Financement Foncier may claim a right of priority over the full amount of the guarantee. Accordingly, as long as the collateral value covers Compagnie de Financement Foncier's portion of the doubtful loan, no impairment is recognized in the latter's financial statements. This impairment is recognized in the financial statements of Crédit Foncier.

When Compagnie de Financement Foncier has acquired the whole loan, any provision for impairment is wholly recognized in its financial statements.

Credit risk on financing commitments and off-balance sheet guarantees is recorded as a provision for contingencies and charges.

When credit risk is identified on loans that are not doubtful but that have seen a significant increase in credit risk since initial recognition, it is measured on the basis of expected credit losses over the period to maturity. This credit risk is deducted from loans on the asset side by means of a provision on the liability side where the risk pertains to commitments given to customers. Since January 1, 2018, the measurement methods for these non-doubtful loans have also been aligned with those of IFRS 9 Stage 2 used for the consolidated financial statements. Expected credit losses are defined as an estimate of credit losses (*i.e.* the present value of cash shortfalls) weighted by the probability of occurrence of these losses over the expected life of the financial instruments. They are calculated individually for each exposure.

In practice, for Stage 2 outstandings, expected credit losses are calculated as the product of several parameters:

- expected cash flows over the life of the financial instrument, discounted at the valuation date – these flows are determined according to the characteristics of the contract, its effective interest rate and, for real estate loans, the expected level of early repayment for the contract;
- loss given default rate;
- probability of default until maturity of the contract.

Non-recoverable receivables are recorded as losses and the corresponding impairments are reversed.

The parameters used to measure expected credit losses are adjusted to the economic environment *via* the definition of three economic scenarios defined over a period of three years:

- the central scenario was updated based on the scenarios determined by the Group's economists in June 2021 and validated by the Executive Management Committee;

- a pessimistic scenario, corresponding to a more degraded realization of the macroeconomic variables defined under the central scenario;
- an optimistic scenario, corresponding to a more favorable realization of the macroeconomic variables defined in the framework of the central scenario.

The definition and review of these scenarios follows the same organization and governance as that defined for the budget process, with a quarterly review of their relevance since the Covid-19 crisis, which may lead to a revision of macroeconomic projections in the event of a significant deviation of the situation observed, based on proposals from economic research and validation by the Executive Management Committee. The probability of occurrence of the scenarios is reviewed quarterly by the Group's Watch List and Provisions Committee. The parameters thus defined enable the assessment of the expected credit losses of all exposures, whether they belong to a scope approved by the internal method or treated as standard for the calculation of risk-weighted assets.

(in €k)	Performing loans and receivables			Doubtful loans and receivables			Impairment of customer receivables ⁽⁴⁾			Net amounts		
	06/30/2022	06/30/2021	12/31/2021	06/30/2022	06/30/2021	12/31/2021	06/30/2022	06/30/2021	12/31/2021	06/30/2022	06/30/2021	12/31/2021
Current accounts with overdrafts	0	0	0	0	0	0	0	0	0	0	0	0
Facilities granted to customers	34,271,365	33,168,620	32,548,560	768,181	1,170,630	1,280,252	35,156	52,286	51,778	35,004,390	34,286,964	33,777,035
Loans to financial customers	232,076	234,357	233,486	0	0	0	0	0	0	232,076	234,357	233,486
Export credits	0	0	0	0	0	0	0	0	0	0	0	0
Short-term credit facilities ⁽¹⁾	296,550	354,674	352,227	0	0	0	0	0	0	296,550	354,674	352,227
Equipment loans ⁽²⁾	9,419,544	7,516,366	8,752,340	34	34	34	34	34	2,427	9,419,544	7,516,366	8,749,947
Home loans	24,226,382	24,981,000	23,136,989	767,252	1,169,049	1,278,421	35,121	52,252	49,351	24,958,513	26,097,796	24,366,059
Other customer loans	16,073	5,205	4,496	0	23	19	0	0	0	16,073	5,228	4,516
Unallocated amounts	0	0	0							0	0	0
Related receivables	80,739	77,018	69,023	895	1,525	1,778				81,634	78,543	70,801
GENERAL ⁽³⁾	34,271,365	33,168,620	32,548,560	768,181	1,170,630	1,280,252	35,156	52,286	51,778	35,004,390	34,286,964	33,777,035

Restructured loans amounted to €382.9m at June 30, 2022, of which €163.3m classified as performing loans.

Note: Compagnie de Financement Foncier does not include any intragroup loans in customer loans.

(1) Since 2007, the Company has purchased the FLA loans of Natixis, which included revolving credit lines of €296.73m at June 30, 2022, versus €352.42m at December 31, 2021.

(2) Equipment loans are loans to local authorities.

(3) Customer loans eligible for refinancing with the Central Bank amounted to €5.3bn at June 30, 2022 in outstanding capital. This amount represents €3.9bn after haircut and overcollateralization constraints.

(4) Write-downs on customer loans include, on the one hand, write-downs on doubtful debts for €28.99m and, on the other hand, write-downs due to significant increases in credit risk on performing loans for €6.17m.

NOTE 11 A 1

Impairment and provisions for credit risks

(in €k)	12/31/2020	Reclassi- fication	Additions	Reversals	12/31/2021	Reclassi- fication	Additions	Reversals	Reversals used	06/30/2022
Impairment of assets										
Customer loans and due from credit institutions ^{(1) (2)}	58,711	0	26,746	-33,680	51,778	0	14,271	-30,893		35,156
Provisions recognized as liabilities										
Customer loans and due from credit institutions and provisions on securities ⁽³⁾	227		0	-124	103		2	0		105
TOTAL	58,938	0	26,746	-33,804	51,881	0	14,273	-30,893	0	35,260

(1) Loan impairment is measured at discounted value in accordance with Regulation No. 2014-07 of the French National Accounting Standards Authority.

(2) In accordance with Regulation No. 2014-07 of the French National Accounting Standards Authority, Compagnie de Financement Foncier now recognizes its impairment flows in accumulated stock at each closing: reversal of all impairment for the previous fiscal year and full allocation of impairment for the current fiscal year.

(3) A provision for risk is included in the scope of non-doubtful off-balance sheet commitments, for which the available information makes it possible to anticipate a risk of default and losses at maturity.

NOTE 11 A 2

Premiums/discounts on acquired receivables

(in €k)	12/31/2020	Reclassification – Repayment	Additions	Spreading	12/31/2021	Reclassification – Repayment	Additions	Spreading	06/30/2022	
Receivables due from credit institutions										
Premiums	0		0	0	0		0	0	0	
Discounts	0	0	0	0	0	0	0	0	0	
Net	0		0	0	0		0	0	0	
Customer loans										
Performing loans and receivables										
Premiums	758,398	-9,158	56,525	-140,150	665,615	942	57,991	-66,520	658,028	
Discounts	-1,225,976	13,361	-5,446	151,712	-1,066,349	976	-56,626	70,341	-1,051,658	
Doubtful loans and receivables										
Premiums	32,611	9,158		-7,518	34,251	-942		-14,510	18,799	
Discounts	-32,011	-13,361		8,149	-37,223	-976		15,249	-22,950	
Net	-466,978	0	51,079	12,193	-403,706	0	1,365	4,560	-397,781	
TOTAL	-466,978	0	51,079	12,193	-403,706	0	1,365	4,560	-397,781	

NOTE 12 Other assets

<i>(in €k)</i>	06/30/2022	06/30/2021	12/31/2021
Options bought	0	0	0
Securities settlement accounts	0	0	0
Other debtors	19,709	15,739	15,690
Deposits on collateralization transactions	0	0	0
Other deposits and guarantees ⁽¹⁾	19,015	15,687	15,687
Tax consolidation receivables ⁽²⁾	0	0	0
Other non-trade receivables	694	51	3
Special bonus account	0	0	0
TOTAL	19,709	15,739	15,690

(1) As of June 30, 2022, this item mainly includes the guarantee deposits for the years 2015-2022 set up within the framework of the Single Resolution Fund amounting for €19,015k.

(2) This item represents remuneration due by Crédit Foncier for corporate tax savings due to the tax deficit.

NOTE 13 Accrual accounts – Assets

<i>(in €k)</i>	06/30/2022	06/30/2021	12/31/2021
Collection accounts	8	8	8
Deferred expenses	160,688	155,676	147,370
Issue and redemption premiums on fixed-income securities	160,688	155,676	147,370
Other deferred expenses	0	0	0
Prepaid expenses	720,103	829,536	763,247
Termination balances of paid swaps to be amortized	710,674	820,394	763,247
Other prepaid expenses	9,429	9,141	0
Accrued income	187,526	248,681	250,811
Accrued interest on swaps	187,036	248,191	250,321
Other accrued income	490	490	490
Other accrual accounts – assets	78,969	99,171	89,308
Cash in domiciliation	0	0	0
Deferred tax assets	78,512	97,780	87,544
Currency adjustment accounts	0	0	0
Other accrued income*	457	1,391	1,764
TOTAL	1,147,294	1,333,071	1,250,744

* Essentially composed of transit accounts or financial relations with Crédit Foncier.

NOTE 14 Due to credit institutions

ACCOUNTING POLICIES

Payables to credit institutions are presented according to their initial term (sight deposit or term). Depending on the counterparty involved, these items may include repurchase agreements involving securities and other assets. Accrued interest is recorded on related debts.

REPURCHASE AGREEMENTS

The collateralized assets under repurchase agreements are recognized in accordance with Regulation No. 2014-07 of the French National Accounting Standards Authority.

The transferor records the amount received under liabilities, representing its debt vis-à-vis the purchaser. The purchaser records the amount paid, representing its claim against the transferor, as an asset. At the balance sheet date, the collateralized assets, as well as the debt vis-à-vis the purchaser and the claim against the transferor, are valued according to the rules that apply to each.

<i>(in €k)</i>	06/30/2022	06/30/2021	12/31/2021
Due to credit institutions – on demand ⁽¹⁾	0	0	0
Current accounts of credit institutions	0	0	0
Demand loans from credit institutions	0	0	0
Other amounts due to credit institutions	0	0	0
Related payables	0	0	0
Due to credit institutions – at maturity ⁽²⁾	4,365,604	5,869,386	5,009,751
Term deposits and loans	3,758,401	5,206,718	4,369,798
Values sold under repurchase agreements	0	0	0
Securities sold under repurchase agreements	607,601	663,234	640,055
Related payables	-398	-566	-102
TOTAL	4,365,604	5,869,386	5,009,751
(1) Details on due-to-credit institutions – on demand (Group/non-Group)	0	0	0
Including Group	0	0	0
■ Other amounts due to credit institutions	0	0	0
■ Demand loans from credit institutions	0	0	0
■ Related payables	0	0	0
Of which non-Group	0	0	0
■ Other amounts due to credit institutions	0	0	0
(2) Details on due to credit institutions – at maturity (Group/non-Group)	4,365,604	5,869,386	5,009,751
Including Group	4,365,604	5,869,386	5,009,751
■ Term deposits and loans	3,758,003	5,206,151	4,369,696
■ Securities sold under repurchase agreements	607,601	663,234	640,055
Of which non-Group	0	0	0
■ Term deposits and loans	0	0	0
■ Banque de France refinancing (3G pool)	0	0	0
■ Other term loans	0	0	0
■ Securities sold under repurchase agreements	0	0	0
■ Related payables	0	0	0
Subtotal due to Group credit institutions	4,365,604	5,869,386	5,009,751
Subtotal due to non-Group credit institutions	0	0	0
GENERAL	4,365,604	5,869,386	5,009,751

NOTE 15 Debt securities

DEBT SECURITIES

Debt securities are shown according to how they are supported: short-term notes, interbank market instruments and negotiable debt securities, bonds and similar instruments, excluding subordinated securities which are shown on their own line in liabilities.

The outstanding principal amount on loans issued by Compagnie de Financement Foncier is recognized as a balance sheet liability for the gross amount. Foreign currency loans are measured in euros at the closing exchange rates.

Accrued interests relating to these securities are recorded in a related liabilities account through profit or loss.

Issuance fees are accounted for over the life of the corresponding loans. Bond issuance or redemption premiums are spread over the life of the loan *via* a deferred expenses account. The amortization of fees and issue premiums is carried to profit or loss under "Interest and similar expenses on bonds and other fixed-income securities".

For structured debts, in application of the precautionary principle, only the certain part of the remuneration or principal is recognized. A latent gain is not recognized. An unrealized loss is subject to a provision. Compagnie de Financement Foncier did not issue any structured debt in 2022.

<i>(in €k)</i>	06/30/2022	06/30/2021	12/31/2021
Negotiable debt securities	0	0	0
Related payables	0	0	0
Negotiable debt securities and related payables	0	0	0
<i>Obligations foncières</i>	51,856,593	53,381,472	53,205,393
Related payables	389,303	477,923	468,084
<i>Obligations foncières</i> and related payables	52,245,896	53,859,396	53,673,477
TOTAL	52,245,896	53,859,396	53,673,477

All of these debt securities benefit from a preferential payment claim defined by Article L. 513-11 of the French Monetary and Financial Code ("privilege" of *obligations foncières*).

NOTE 16 Other liabilities

(in €k)	06/30/2022	06/30/2021	12/31/2021
Options sold	0	0	0
Other creditors	180,184	539,592	443,864
Deposits on collateralization transactions	59,901	415,285	308,671
Margin calls on repurchase agreements	0	0	0
Trade payables*	15,421	17,920	15,578
Tax consolidation liabilities ⁽¹⁾	6,581	7,765	5,539
Other fiscal and social debts	0	-2	37
Other payables accounts	-4,014	-3,481	11,736
Special bonus account	102,295	102,105	102,303
Allocated public funds ⁽²⁾	40,446	39,898	40,785
TOTAL	220,629	579,491	484,649
(1) Corporate tax due to Crédit Foncier (tax consolidation)	6,581	7,765	5,539
(2) Of which subsidized sector	39,921	38,701	39,959

* Pursuant to provisions of Article D. 4 41-4 of the French Commercial Code, the breakdown of the amount of the suppliers invoices received and not settled at the closing date is the following:

Suppliers' invoices received and not settled as at the closing date	From 1 to 30 days	From 31 to 60 days	From 61 to 90 days	More than 91 days	Total
Total amount of invoices concerned incl. VAT (in €k)	0	0	0	0	0
Percentage of the total amount of the year purchases incl. VAT	0.00%	0	0	0	0.00%
Number of invoices	0	0	0	0	0

NOTE 17 Accrual accounts – Liabilities

(in €k)	06/30/2022	06/30/2021	12/31/2021
Collection accounts	0	3,063	0
Unearned income	652,865	762,016	705,960
Subsidies on loans for low-income households (PAS) and former interest-free loans (PTZ)	4,177	7,224	5,439
Balances of swaps received to be amortized	534,723	640,288	581,935
Other unearned income	113,966	114,504	118,585
Accrued expenses	136,334	143,266	117,976
Accrued interest on derivatives (swaps)	127,426	130,358	106,596
Other accrued expenses	8,908	12,908	11,379
Other accrual accounts	869,727	574,794	717,757
Currency adjustment accounts*	845,304	539,938	625,039
Other items	24,424	34,856	92,718
TOTAL	1,658,927	1,483,139	1,541,693

* This item restores the balance between assets and liabilities, following the recognition in the income statement of gains or losses relating to the measurement of off-balance sheet transactions in foreign currency. A similar item can be found in note 13.

NOTE 18 Provisions

PROVISIONS

This item covers provisions for contingencies and losses that are not directly related to banking transactions as defined under Article L. 311-1 of the French Monetary and Financial Code or to related transactions as defined under Article L. 311-2 of said Code, and which are clearly identifiable but of uncertain timing or amount. Unless covered by a specific text or reporting banking or related

transactions, such provisions may only be recognized if an obligation towards a third party exists at the end of the accounting period and is not offset by a receivable from this third party, in accordance with the provisions of Regulation No. 2014-03 of the French National Accounting Standards Authority.

In particular, this item includes a provision for counterparty risk on performing loans detailed in note 11.

<i>(in €k)</i>	06/30/2022	06/30/2021	12/31/2021
Provisions for counterparty risks	105	155	103
Provisions for counterparty risks on performing loans	105	155	103
Sectoral provisions	0	0	0
Provisions for execution risks on endorsements	0	0	0
Provisions for claims and litigation	12,059	0	12,059
Tax litigation	0	0	0
Other litigation*	12,059	0	12,059
Other provisions	256	327	263
Other provisions ⁽¹⁾	256	327	263
TOTAL	12,420	481	12,425

* The reserve for provisions only included one case and was therefore reclassified in 2020 after deduction of the outstanding amounts in question.

(1) A provision related to an estimate of an accelerated amortization of several termination balances.

Changes in the period <i>(in €k)</i>	Changes in 2022					06/30/2022
	12/31/2021	Additions	Reversals		Other changes	
			Used	Not used		
Provisions for counterparty risks	103	2	0	0	0	105
Provisions for counterparty risks on performing loans	103	2	0	0	0	105
Sectoral provisions	0	0	0	0	0	0
Provisions for execution risks for commitments by signature	0	0	0	0	0	0
Provisions for claims and litigation	12,059	0	0	0	0	12,059
Tax litigation	0	0	0	0	0	0
Other litigation	12,059	0	0	0	0	12,059
Other provisions	263	0	0	7	0	256
Other provisions	263	0	0	7	0	256
TOTAL	12,425	2	0	7	0	12,420

NOTE 19 Changes in equity

RESERVE FOR GENERAL BANKING RISKS

This fund is intended to cover risks inherent to the entity's business activities, pursuant to the requirements of Article 3 of Regulation No. 90-02 of the French Banking and Financial Regulation Committee.

(in €k)	Opening 01/01/2021	Changes in capital and reserves			Amount at 12/31/2021	Changes in capital and reserves			Amount at 06/30/2022
		Allocation	Dividends paid in shares	Other changes		Allocation	Dividends paid in shares	Other changes	
Share capital*	2,537,460	0	0	0	2,537,460	0	0	-1,000,000	1,537,460
Share premiums*	343,002	0	0	0	343,002	0	0	-133,135	209,867
Reserves									
■ Legal reserve	76,600	2,358	0	0	78,958	5,301	0	0	84,259
■ General reserve	55,517	0	0	0	55,517		0	0	55,517
■ Regulated reserves	0	0	0	0	0	0	0	0	0
<i>Of which:</i>									
Regulated reserves of revaluation	0	0	0	0	0	0	0	0	0
Special reserves for long-term capital gains	0	0	0	0	0	0	0	0	0
Retained earnings	74,352	-2,357	0	0	71,995	-5,301	0	0	66,694
Net equity before net income for the year	3,086,931		0	0	3,086,932		0	0	1,953,798
Net income for the year before distributions	47,141	-47,141	0	0	106,004	-106,004	0	0	65,934
Equity after net income for the year	3,134,072	0	0	0	3,192,937	0	0	0	2,019,732
Dividends paid	0	47,140	0	0	0	106,004	0	0	

(in €k)	Opening 01/01/2021	Changes in provisions			Amount at 12/31/2021	Changes in provisions			Amount at 06/30/2022
		Allocation	Additions	Reversals		Allocation	Additions	Reversals	
Special revaluation provision	0	0	0	0	0	0	0	0	0
Other regulated provisions	0	0	0	0	0	0	0	0	0
Regulated provisions	0	0	0	0	0	0	0	0	0
Equity before distributions	3,134,072	0	0	0	3,192,937	0	0	0	2,019,732

(in €k)	Opening 01/01/2021	Changes in the reserve for general banking risks (RGBR)			Amount at 12/31/2021	Changes in the reserve for general banking risks (RGBR)			Amount at 06/30/2022
		Allocation	Additions	Reversals		Allocation	Additions	Reversals	
Reserve for general banking risks	20,000	0	0	0	20,000	0	0	0	20,000
TOTAL	3,154,072	0	0	0	3,212,937	0	0	0	2,039,732

* After the capital reduction of the first half-year 2022, the share capital is composed of 96,091,246 ordinary shares with a par value of €16, all of which confer the same rights on their holders.

No free revaluation has been carried out to date.

NOTE 20 Commitments given and received

GENERAL PRINCIPLES

FINANCING COMMITMENTS

Financing commitments given to credit and similar institutions comprising refinancing agreements, payment approvals or payment commitments, documentary credit opening confirmation and other commitments given to credit institutions.

Financing commitments given to customers comprising confirmed credit openings, substitutions for commercial paper facilities, commitments on securities issue facilities and other commitments given to economic agents other than credit and similar institutions.

Financing commitments received list refinancing agreements and other commitments received from credit and similar institutions.

GUARANTEE COMMITMENTS

Credit institution guarantee commitments cover deposits, pledges and other guarantees from credit and similar institutions.

Customer guarantee commitment include deposits, pledges and other guarantees from economic agents other than credit and similar institutions.

Guarantee commitments include received list deposits, pledges and other guarantees received from credit and similar institutions.

20.1 COMMITMENTS GIVEN

(in €k)	06/30/2022		06/30/2021		12/31/2021	
	Loans authorized but not yet established	Amounts not drawn down on loans already partially established	Loans authorized but not yet established	Amounts not drawn down on loans already partially established	Loans authorized but not yet established	Amounts not drawn down on loans already partially established
FINANCING COMMITMENTS	1,289,050	38	1,222,920	195	1,407,570	291
Subsidized sector commitments	0	0	0	0	0	0
Unsubsidized sector commitments	1,289,050	38	1,222,920	195	1,407,570	291
Non-Group commitments	1,289,050	38	1,222,920	195	1,407,570	291
Credit institutions	0	0	0	0	0	0
Customers ⁽¹⁾	1,289,050	38	1,222,920	195	1,407,570	291
Group commitments	0	0	0	0	0	0
GUARANTEE COMMITMENTS	171,719	0	216,165	0	208,404	0
Non-Group commitments	171,719	0	216,165	0	208,404	0
Other values used as collateral ⁽²⁾	171,719	0	216,165	0	208,404	0
COMMITMENTS ON SECURITIES	0	0	0	0	0	0
TOTAL ⁽³⁾	1,460,807		1,439,280		1,616,264	

(1) The main changes concerning financing commitments given to customers are:

(in €k)	06/30/2022	06/30/2021	12/31/2021
Permanent credit lines (outstanding transferred from Ixis CIB)	1,289,050	1,222,920	1,407,570
State housing savings accounts (primes d'épargne logement)	0	0	0

(2) This item represents assets and securities given as collateral to the Banque de France, within the framework of the pool of the Gestion Globale des Garanties (3G) including:

(in €k)	06/30/2022	06/30/2021	12/31/2021
Securities	123,113	161,752	157,599
Receivables	48,605	54,413	50,805

(3) Receivables presented and accepted by the Banque de France are valued at their book value; securities are valued at ECB value before haircut deduction, of which:

(in €k)	06/30/2022	06/30/2021	12/31/2021
Doubtful commitments	38	195	291

20.2 COMMITMENTS RECEIVED

(in €k)	06/30/2022	06/30/2021	12/31/2021
FINANCING COMMITMENTS	20,753,286	23,440,410	23,352,895
Non-Group commitments	722,254	700,031	767,113
Credit institutions ⁽¹⁾	722,254	700,031	767,113
Group commitments	20,031,032	22,740,379	22,585,782
Repurchase guarantee	0	0	0
Credit institutions ⁽²⁾	2,145,011	2,000,000	2,000,000
Other assets received as collateral from the Group ⁽³⁾	17,886,021	20,740,379	20,585,782
GUARANTEE COMMITMENTS	27,887,427	29,693,617	27,787,877
Non-Group commitments	27,273,665	28,882,321	27,149,187
Credit institutions and similar items ⁽⁴⁾	4,771,768	4,592,182	4,407,573
Customers ⁽⁵⁾	22,501,897	24,290,138	22,741,614
Group commitments	613,762	811,297	638,689
Credit institutions and similar items	577,258	778,454	609,535
Customers	36,505	32,843	29,154
COMMITMENTS ON SECURITIES	0	0	0
Other securities to be received	0	0	0
TOTAL	48,640,713	53,134,028	51,140,772

(1) Non-Group financing commitments included the commitment received from the Banque de France in relation to the pool of the Gestion Globale des Garanties for an amount of €145.69m at June 30, 2022 compared with €183.41m at December 31, 2021.

(2) Credit line entered into by Compagnie de Financement Foncier and BPCE on June 30, 2018 for €2bn.

(3) Guarantees related to receivables and securities held and put in place within the framework of loans authorized pursuant to Article L. 211-38 and mortgage notes:

(in €k)	06/30/2022	06/30/2021	12/31/2021
■ Guarantees received from Crédit Foncier for loans to French local authorities (L. 211-38)	11,169,054	15,788,341	14,309,116
■ Guarantees received from BPCE SA as replacement values (L. 211-38 – RV)	5,539,711	4,925,545	5,549,140
■ Guarantees received from Caisses d'Épargne, Banques Populaires and BPCE for loans to French local authorities (L. 211-38)	1,177,256	132,060	727,526
■ Guarantees received from Crédit Foncier for mortgage notes	0	0	0

(4) Mainly:

(in €k)	06/30/2022	06/30/2021	12/31/2021
■ Guarantees received from Crédit Logement rated Aa3 (Moody's)	4,578,737	4,367,235	4,192,988
■ Guarantees received from Créserfi	185,743	217,340	200,543

(5) Compagnie de Financement Foncier posts guarantees to the balance sheet related to certain types of customer loans on the balance sheet, in view of their materiality.

These guarantees include:

(in €k)	06/30/2022	06/30/2021	12/31/2021
■ Government guarantees on loans, mainly to the subsidized sector	13,617	96,203	17,140
■ Guarantees from the SGFGAS on FGAS-eligible loans and covered by the government	14,010,300	15,061,580	14,144,644
■ Mortgage guarantees for mortgage loans that are only covered by this guarantee	5,171,039	6,137,220	5,588,831
■ Guarantees given by local authorities and other organizations	1,125,759	643,072	592,344
■ Security enhancement guarantees given by governments	1,517,519	987,318	1,032,726
■ Security enhancement guarantees received from insurance companies	1,199,348	1,312,668	1,313,818

NOTE 21 Commitments on forwards and options contracts

FOREIGN CURRENCY TRANSACTIONS

Income and capital gains or losses on foreign exchange transactions are calculated in accordance with Regulation No. 2014-07 of the French National Accounting Standards Authority.

Receivables, liabilities and off-balance sheet commitments denominated in a foreign currency are valued at the closing exchange rate. The corresponding income and expenses are immediately translated into euros at the spot rate when recognized in the income statement.

Unsettled spot foreign exchange transactions are valued at the exchange rate as at the reporting date.

Foreign exchange swaps are recognized as coupled long spot and short forward transactions. Premiums and discounts on foreign exchange forward and futures contracts used for hedging purposes are recognized in the income statement on a *prorata temporis* basis. Currency swaps are subject to regulation No. 2014-07 of the French National Accounting Standards Authority.

Realized and unrealized foreign exchange gains and losses are recognized in the income statement under "Gains or losses on trading book transactions".

FUTURE CONTRACTS

Hedging, forward interest rate, foreign exchange and equity futures transactions are recognized in accordance with the provisions of Regulation No. 2014-07 of the French National Accounting Standards Authority.

Commitments on these instruments are recorded as off-balance sheet items at the nominal value of the contracts. At closing, the amount recognized for these commitments represented the volume of the open transactions at closing.

The instruments held by Compagnie de Financement Foncier are mainly interest rate or foreign exchange swaps, forward foreign exchange swaps and caps and floors. All these instruments are traded OTC (including transactions processed by clearing houses – LCH).

Compagnie de Financement Foncier has no binding contracts on any organized or other markets.

The accounting policies applied vary depending on the type of instrument and the original purpose of the transaction.

FORWARD TRANSACTIONS

Interest rate swaps and similar contracts (forward rate agreements, floor and ceiling guarantees) are classified according to the initial intention criterion in the following categories:

- micro-hedging (earmarked hedge);
- macro-hedging (overall asset and liability management);
- speculative positions/isolated open positions;
- specialized management of a trading book.

Income and expenses on the first two categories are recognized in the income statements on a *prorata* basis.

Income and expenses on instruments used to hedge an item or a group of similar assets are recorded as profit or loss, symmetrically

with the recognition of income and expenses on hedged items. Comprehensive income items of the hedging instrument are recognized in the same line item as income and expenses for hedged items, under "Interest and similar income" and "Interest and similar expenses". The "Gains/losses on trading book transactions" line item is used when the hedged items are included in the trading book.

Hedging swaps on loans are systematically reclassified under isolated open positions when the loan becomes doubtful.

Income and expenses on forward financial instruments used to hedge and manage the Company's overall interest rate exposure are recognized in the income statement on a *prorata* basis as "Interest and similar income" and "Interest and similar expenses". Unrealized gains and losses are not recognized.

Gains and losses on certain contracts qualified as isolated open positions are recorded in the income statement when the contracts are unwound or on a *prorata* basis depending on the nature of the instrument. Recognition of unrealized capital gains or losses is determined based on the type of market involved (organized, other markets considered as organized or over the counter):

- for over-the-counter options, unrealized mark-to-market losses are provided for at year-end. Unrealized gains are not recognized;
- instruments traded on organized markets or other markets considered as organized are continuously quoted and liquid enough to justify being marked to market. Unrealized gains are not recognized.

Compagnie de Financement Foncier does not have any trading book or isolated open position management contracts.

Termination balances or transfers are recognized as follows:

- transactions classified under specialized asset management or isolated open positions are recognized directly in the income statement;
- for micro-hedging and macro-hedging, the closing balances are either amortized over the remaining life of the item formerly hedged or carried directly to profit or loss.

When a micro-hedged item is divested the termination balance of the associated swap and, where applicable, the unamortized termination balances are booked in profit or loss on the same line as that on which the gain or loss on the disposal of the hedged item is recognized.

OPTIONS

The notional amount of the underlying asset on which the option or forward contract is based is recorded by distinguishing between hedging contracts and contracts traded on the markets.

For transactions involving interest rate, foreign exchange or equity options, the premiums paid or received are recognized in a temporary account. At closing, these options are valued on the profit or loss in the case of products listed on an organized market or equivalent. For over-the-counter (OTC) options, provisions are recognized for capital losses but unrealized capital gains are not recognized. When an option is sold, repurchased or exercised, or when an option expires, the corresponding premium is recognized immediately in income.

Income and expenses for hedging instruments are recognized symmetrically with those from the hedged item. Put options are not eligible for classification as macro-hedging instruments.

Over-the-counter markets may be treated as organized markets when market makers ensure continuous quotations with spreads that reflect

market practice or when the underlying financial instrument is itself quoted on an organized market.

At June 30, 2022, Compagnie de Financement Foncier recognized no forward rate agreements on an isolated open position.

<i>(in €k)</i>	06/30/2022		06/30/2021		12/31/2021	
	Euros	Currencies ⁽²⁾	Euros	Currencies ⁽²⁾	Euros	Currencies ⁽²⁾
OVER-THE-COUNTER MARKETS	0	0	0	0	0	0
Options (nominal amounts)	781,524	0	931,524	0	825,024	0
Hedging transactions (purchases)						
■ Interest rate instruments	781,524	0	931,524	0	825,024	0
■ Foreign exchange instrument	0	0	0	0	0	0
■ Other instruments	0	0	0	0	0	0
Other options						
Options (fair value)	7,500	0	964	0	2,705	0
Forward transactions (nominal amounts)	54,910,911	6,045,178	54,455,590	6,295,944	54,112,367	6,175,469
Hedging transactions						
■ Interest rate instruments	50,242,141	332,279	49,299,849	324,234	49,274,609	334,752
■ Foreign exchange instruments ⁽³⁾	4,668,770	5,712,899	5,155,741	5,971,710	4,837,758	5,840,717
■ Other instruments	0	0	0	0	0	0
Other transactions						
Forward transactions (fair value) ⁽¹⁾	358,592	-2,185,528	1,025,234	-1,893,881	1,106,671	-2,213,663
Forward and options transactions	55,692,435	6,045,178	55,387,115	6,295,944	54,937,391	6,175,469
TOTAL (NOMINAL AMOUNTS) ⁽²⁾	61,737,613		61,683,059		61,112,860	
TOTAL (FAIR VALUE)	-1,819,436		-867,683		-1,104,287	

Compagnie de Financement Foncier has no derivatives traded on the organized markets.

(1) Data disclosed in accordance with Regulation No. 2014-07 of the French National Accounting Standards Authority.

(2) Notional amounts in euros at the reporting date.

(3) These items are financial micro-hedging currency swaps. They represent a foreign exchange forward position, the inverse position, spot currency transactions, is included in the balance sheet assets (See note 23).

NOTE 22 Transactions with related institutions (1)

<i>(in €k)</i>	06/30/2022	06/30/2021	12/31/2021	06/30/2022 Valuation of assets received as collateral ⁽²⁾
BALANCE SHEET				
Asset items				
Receivables due from credit institutions				
Sight deposit	50,786	51,035	51,334	0
Term	0	0	0	0
Term deposits guaranteed by repo securities	16,624,664	22,120,562	21,442,961	17,886,021
■ Loans guaranteed by French local authority loans (SPT) under L. 211-38	7,052,143	7,471,903	7,613,825	7,130,659
■ to Crédit Foncier	5,894,900	7,344,500	6,912,500	5,953,403
■ to BPCE	0	0	0	0
■ to other Group entities	1,157,243	127,403	701,325	1,177,256
■ Loans guaranteed by mortgage loans under L. 211-38	5,006,000	8,042,500	7,221,500	5,215,652
■ to individuals	4,409,500	7,369,000	6,567,000	4,510,648
■ to Corporates	596,500	673,500	654,500	705,004
■ Loans registered as replacement values under L. 211-38	4,560,000	6,600,000	6,600,000	5,539,711
■ to BPCE	4,560,000	6,600,000	6,600,000	5,539,711
■ Related receivables	6,521	6,159	7,636	
CUSTOMER TRANSACTIONS				
Receivables	0	0	0	0
SECURITIES TRANSACTIONS				
Bonds and other fixed-income securities	0	0	0	0
■ Mortgage notes	0	0	0	0
■ to Crédit Foncier	0	0	0	0
■ Other fixed-income securities	0	0	0	0
■ Related receivables	0	0	0	0
Other assets ⁽²⁾				
Other debtors	0	0	0	0
TOTAL ASSETS	16,675,450	22,171,597	21,494,295	17,886,021

(in €k)	06/30/2022	06/30/2021	12/31/2021	06/30/2022 Valuation of assets received as collateral ⁽²⁾
Liabilities				
Due to credit institutions				
Sight deposit	0	0	0	0
Term	3,758,572	5,206,981	4,370,485	0
Securities sold under repurchase agreements	607,033	664,064	640,844	0
Customer transactions				
Sight deposit	0	0	0	0
Debt securities	0	0	0	0
Subordinated debts	0	0	0	0
Other liabilities				
Other creditors	14,736	15,110	15,133	0
TOTAL LIABILITIES	4,380,340	5,886,155	5,026,461	

Compagnie de Financement Foncier does not conduct transactions not concluded under normal market conditions between related parties (Regulation No. 2014-07).

(1) The definition of related credit institutions refers to the scope of consolidation of Groupe BPCE to which Compagnie de Financement Foncier belongs.

(2) Assets received as collateral are valued at their outstanding principal amount determined on the closing date.

NOTE 23 Statement of foreign exchange positions

AT 06/30/2022

HEADING (in €k)	Australian \$	Canadian \$	US \$	Sterling	Swiss Franc	Yen	Hungarian Forint	New Zealand	Norwegian \$	Norwegian Krone	Danish Krone	TOTAL
BALANCE SHEET												
Financial assets	31	11	1,847,465	54,640	1,141,685	728,777	8	35	1,984	7		3,774,643
Financial liabilities	0	0	223,008	652,965	925,440	4,257	0	0	156,883	0		1,962,553
Balance sheet differential (I)	31	11	1,624,457	-598,325	216,245	724,520	8	35	-154,899	7		1,812,090
OFF-BALANCE SHEET												
Commitments received	0	0	248,023	639,009	909,197	0	0	0	154,899	0		1,951,128
Commitments given	0	0	1,872,473	40,664	1,124,140	724,492	0	0	0	0		3,761,769
Off-balance sheet differential (II)	0	0	-1,624,450	598,345	-214,943	-724,492	0	0	154,899	0		-1,810,641
TOTAL DIFFERENTIAL (I)+(II)	31	11	7	20	1,302	28	8	35	0	7		1,449

Financial assets consist of amounts due from credit institutions and customers.

Financial liabilities are comprised of amounts due to credit institutions, customer deposits and debt securities.

NOTE 24 Statement of liquidity positions

AT 06/30/2022

Heading (in €k)	Remaining maturity					Total ⁽²⁾
	< 3 months	3 months < D < 6 months	6 months < D < 1 year	1 year < D < 5 years	> 5 years	
BALANCE SHEET						
Financial assets ⁽¹⁾	5,560,886	1,032,084	2,399,653	15,791,270	32,556,055	57,339,948
Receivables due from credit institutions	4,898,623	322,377	1,218,735	4,989,007	5,788,870	17,217,612
Receivables from customers	574,847	689,171	1,140,694	8,790,227	22,973,135	34,168,074
Bonds and other fixed-income securities	87,416	20,536	40,224	2,012,036	3,794,050	5,954,262
Subordinated term loans						
Financial liabilities	5,059,332	2,060,112	3,052,326	21,307,178	24,743,647	56,222,595
Due to credit institutions	3,559,332	297,676	467	3,973	504,554	4,366,002
Due to customers	0	0	0	0	0	0
Debt securities:	1,500,000	1,762,436	3,051,859	21,303,205	24,239,093	51,856,593
■ <i>Retails certificates of deposit</i>	0	0	0	0	0	0
■ <i>Interbank market securities</i>	0	0	0	0	0	0
■ <i>Negotiable debt securities</i>	0	0	0	0	0	0
■ <i>Bonds</i>	1,500,000	1,762,436	3,051,859	21,303,205	24,239,093	51,856,593
■ <i>Other debt securities</i>	0	0	0	0	0	0
■ <i>Subordinated term debt</i>	0	0	0	0	0	0
Balance sheet differential (I)	501,554	-1,028,028	-652,673	-5,515,908	7,812,408	1,117,353
OFF-BALANCE SHEET	0	0	0	0	0	0
Commitments given	0	0	1,289,050	0	0	1,289,050
Commitments received	145,686	145,011	0	2,000,000	0	2,290,697
Off-balance sheet differential (II)	145,686	145,011	-1,289,050	2,000,000	0	1,001,647
TOTAL DIFFERENTIAL (I)+(II)	647,240	-883,017	-1,941,723	-3,515,908	7,812,408	2,119,000
Conditional positions	1,500	0	0	33,024	747,000	781,524

(1) The financial assets of Compagnie de Financement Foncier include €8bn of securities and receivables that meet the refinancing criteria of the European Central Bank (unencumbered assets).

(2) The difference with the amounts shown on the balance sheet is mainly due to unpaid loans, doubtful loans and related receivables.

NOTE 25 Cash flow statement

25.1 PRINCIPLES

The net cash flow statement analyses the change in cash flow from operating, investment and financing transactions between two periods.

The cash flow statement of Compagnie de Financement Foncier is presented in accordance with ANC recommendation 2004-R-03, on the format used for corporate summary reports and overseen by the French Banking and Financial Services Regulatory Committee.

It is prepared using the indirect method: net income for the year is restated to reflect non-monetary items: depreciation, amortization and impairment for property, plant and equipment and intangible assets provisions, Other transactions without cash payments, such as accrued income and expenses. Cash flows generated by operating, investing and financing activities are determined by the difference between the items in the annual financial statements for the previous year and the current year.

Treasury transactions with no cash flow or impact on profit or loss are neutral: payment of the dividend in shares, provision for retained earnings.

25.2 STATEMENT OF CASH FLOWS

(in €k)	06/30/2022	06/30/2021	12/31/2021
Operating activities			
Net income for the financial year	65,934	50,551	106,004
Restatement of earnings related to operating activities	0	0	0
Tangible and intangible fixed assets, excluding goodwill	0	0	0
Net provisions charges/customers and credit institutions	-16,504	-6,421	-6,930
Net provisions charges/available-for-sale securities	0	0	0
Net provisions charges/held-to-maturity securities	0	0	0
Net provisions charges/loans	-5	-120	-236
Net gain on sale of fixed assets	0	0	0
Other transactions without cash payments	25,875	-126,551	-66,572
Cash flows on loans to credit institutions and customers	3,596,968	2,072,241	3,235,410
Cash flows on securities available to sale	0	0	0
Cash flows on held-to-maturity securities	255,950	365,819	381,005
Cash flows on other assets	6,320	83,895	93,807
Cash flows on debts/credit institutions and customers	-643,851	-398,477	-1,258,575
Net borrowing	-1,348,800	-2,442,785	-2,618,865
Cash flows on other liabilities	-332,314	-447,555	-487,597
Net cash flows used for operating activities	1,609,573	-849,403	-622,549
Investing activities			
Cash flows related to the sale of:	0	0	0
■ Financial assets	0	0	0
■ Tangible and intangible fixed assets	0	0	0
Disbursements for the acquisition of:	0	0	0
■ Financial assets	0	0	0
■ Tangible and intangible fixed assets	0	0	0
Net cash flows from other investment activities	0	0	0
Net cash flows used for investment activities	0	0	0

The breakdown of Compagnie de Financement Foncier's activities between operating, investing and financing activities takes into account its *société de crédit foncier* status.

Operating activities include:

- the acquisition of eligible loans;
- the acquisition of securitization tranches and securities issued by public entities;
- the issue of *obligations foncières* and other long-term unsubordinated resources.

Financing activities include:

- dividends paid in cash;
- the issuance and redemption of subordinated debt.

Cash flow is defined according to the standards of the French National Accounting Council. It includes cash on hand and sight deposits at the Banque de France, in post office accounts and with credit institutions.

<i>(in €k)</i>	06/30/2022	06/30/2021	12/31/2021
Financing activities			
Cash flows from share issuances	0	0	0
Dividends paid	-106,004	-47,140	-47,140
Net issuances of subordinated debt	0	0	0
Other	0	0	0
Net cash flows from financing activities	-106,004	-47,140	-47,140
NET CHANGE IN CASH POSITION	1,503,569	-896,543	-669,689
Opening cash and cash equivalents	730,508	1,400,197	1,400,197
Closing cash and cash equivalents	1,100,942	503,654	730,508
Net	370,434	-896,543	-669,689
Cash: deposits at Banque de France	1,050,000	450,000	679,000
Amount due to credit institutions on demand*	50,942	53,654	51,508
	1,100,942	503,654	730,508
* Of which BPCE:	50,786	50,567	51,053

NOTE 26 Consolidation

In accordance with Article 4111-1 of Regulation No. 2014-07 of the French National Accounting Standards Authority, Compagnie de Financement Foncier does not provide consolidated financial statements.

The individual financial statements of Compagnie de Financement Foncier are integrated into the consolidated financial statements of both Crédit Foncier and Groupe BPCE.

NOTE 27 Remuneration, advances

The "Employee benefits expense" heading corresponds exclusively to the fees allocated to Directors.

NOTE 28 Presence in non-cooperative countries

Article L. 511-45 of the French Monetary and Financial Code and the French Minister for the Economy's Decree of October 6, 2009 require credit institutions to include an appendix to their annual financial statements with information on their offices and activities in countries and territories that have not signed an agreement with France containing a mutual assistance clause to fight against tax evasion and fraud by allowing access to banking information.

These requirements are part of global endeavors arising from the various OECD initiatives and summits and contribute to the fight against money laundering and terrorist financing.

At June 30, 2022, Compagnie de Financement Foncier had no activities or offices in non-cooperative countries.

STATUTORY AUDITORS' REPORT ON THE INTERIM FINANCIAL INFORMATION

Compagnie de Financement Foncier SA

Trade and Companies Register: Paris 421 263 047

Period from January 1, 2022 to June 30, 2022

This is a free translation into English of the statutory auditors' report on the interim financial information issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the limited review of the accompanying condensed interim financial statements of Compagnie de Financement Foncier, for the period from January 1, 2022 to June 30, 2022, as attached to this report;
- the verification of the information presented in the interim management report.

These condensed interim financial statements were prepared under the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our limited review.

Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. This work is less extensive than that required for an audit conducted in accordance with the professional standards applicable in France. Consequently, the assurance that the financial statements, taken as a whole, are free from material misstatements obtained through a limited review is a moderate assurance, less than that obtained through an audit.

Based on our limited review, nothing has come to our attention that causes us to believe that the condensed interim financial statements were not prepared in accordance with the accounting rules and principles applicable in France.

Specific verification

We have also verified the information presented in the interim management report on the condensed interim financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed interim financial statements.

Paris La Défense and Neuilly-sur-Seine, August 25, 2022

Mazars

Laurence Karagulian
Partner

PricewaterhouseCoopers

Emmanuel Benoist
Partner



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LEGAL INFORMATION

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GENERAL INFORMATION

Detailed general information is presented in the 2021 Universal registration document of Compagnie de Financement Foncier (pages 188 to 191).

Material contracts

At the date of publication of the financial information, Compagnie de Financement Foncier had not entered into any material contracts other than those entered into in the normal course of its business.

Outlook for Compagnie de Financement Foncier

TRENDS

No significant deterioration has affected the Company's outlook since its last financial report was audited and published.

To date, the Covid-19-related crisis has not had a significant impact on the Company's performance. However, it is important to be cautious regarding the future impact of the crisis, which risks undermining the financial health of borrowers and could limit their ability to repay their credit in the coming months.

CONTROL

To the Company's knowledge, no agreement exists of which the implementation at a later date could lead to a change in control of the Company.

MATERIAL EVENTS

The financial statements of Compagnie de Financement Foncier as of June 30, 2022 were approved by the Board of Directors on July 28, 2022. With the exception of the information given in the sub-section "Post-balance sheet event" no material changes occurred affecting the financial or commercial position or the financial performance of Compagnie de Financement Foncier, between June 30, 2022 (end of half-year) and August 25, 2022 (date on which this Amendment was filed with the AMF).

Location of legal documents concerning the Company

Legal documents concerning Compagnie de Financement Foncier may be consulted at Crédit Foncier de France's main office, 4, quai de Bercy, 94220 Charenton-le-Pont.

Shareholders' Meeting

An Extraordinary General Shareholders' Meeting was held on March 28, 2022 and authorized the reduction of the share capital for a total amount of €1,000,000,000, by buyback of shares with a view to their cancellation.

A Combined General Shareholders' Meeting was held on May 9, 2022. The proposed resolutions were approved in their entirety.

Capital

SHARE CAPITAL

At June 30, 2022, the Company's subscribed capital amounted to €1,537,459,936. It is divided into 96,091,246 fully paid-up shares with a par value of €16 each.

SHARE CAPITAL AUTHORIZED BUT NOT SUBSCRIBED

No authorization to increase the share capital has been issued which has not been used, nor is there any potential capital share.

OWNERSHIP STRUCTURE AND VOTING RIGHTS

Major shareholders at June 30, 2022	Number of shares	As a %
Crédit Foncier de France	96,091,245	100.00
Director	1	ns
TOTAL	96,091,246	100.00

NATURAL OR LEGAL PERSONS THAT EXERCISE CONTROL OVER THE COMPANY

Crédit Foncier de France – 182, avenue de France – 75013 Paris – 542 029 848 RCS Paris.

IMPROPER CONTROL

The Company is controlled as described in chapter "Distribution of capital and voting rights"; however, the Company believes there is no risk of said control being exercised improperly.

PERSONS RESPONSIBLE FOR THE AMENDMENT TO THE UNIVERSAL REGISTRATION DOCUMENT AND FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Statement from the person responsible for the Amendment to the 2021 Universal registration document

I certify, that the information provided in this Amendment to the 2021 Universal Registration Document is, to my knowledge, true to fact and that no information has been omitted that would change the interpretation of the information provided.

I further certify that, to the best of my knowledge, the condensed financial statements for the previous half-year have been prepared in compliance with the applicable accounting standards and give a true and fair view of the Company's assets, financial position and earnings, and that the management report included in chapter 3 provides an accurate representation of the material events that occurred in the first six months of the financial year, their impact on the financial statements, the main related parties' transactions and a description of the primary risks and uncertainties expected for the remaining six months of the year.

Charenton-le-Pont, August 25, 2022

The Chief Executive Officer of Compagnie de Financement Foncier

Olivier AVIS

Persons responsible for auditing the financial statements

PRINCIPAL

MAZARS

Represented by Laurence KARAGULIAN

Address: Tour Exaltis – 61, rue Henri Regnault – 92400 Courbevoie

784 824 153 RCS (Trade and Companies Register) Nanterre

Member of the *Compagnie Régionale des Commissaires aux comptes de Versailles* (Regional Association of Statutory Auditors of Versailles)

Start of first term: May 9, 2022

Length of term: six fiscal years

End of term: at the end of the Annual General Shareholders' Meeting called to approve the financial statements for the 2027 fiscal year.

PRICEWATERHOUSECOOPERS AUDIT

Represented by Emmanuel BENOIST

Address: 63, rue de Villiers – 92200 Neuilly-sur-Seine

302 474 572 RCS (Trade and Companies Register) Paris

Member of the *Compagnie Régionale des Commissaires aux comptes de Versailles* (Regional Association of Statutory Auditors of Versailles)

Start of first term: June 30, 2003

Length of term: six fiscal years

End of term: at the end of the Annual General Shareholders' Meeting called to approve the financial statements for the 2025 fiscal year.

Specific controllers

PRINCIPAL

CAILLIAU DEDOUIT & ASSOCIÉS

Represented by Laurent BRUN

Address: 19, rue Clément-Marot – 75008 Paris

Date of assent from the ACPR (French Prudential Supervisory and Resolution Authority): January 4, 2019

RCS (Trade and Companies Register) number: 722 012 051

Start of first term: June 29, 2004

Length of term: four years

Expiration of term: after submission of the report and certified statements relating to the fiscal year ending December 31, 2022.

SUBSTITUTE

RÉMI SAVOURNIN

Address: 19, rue Clément-Marot – 75008 Paris

Date of assent from the ACPR (French Prudential Supervisory and Resolution Authority): January 4, 2019

RCS (Trade and Companies Register) number: 722 012 051

Start of first term: January 1, 2015

Length of term: four years

Expiration of term: after submission of the report and certified statements relating to the fiscal year ending December 31, 2022.

CROSS-REFERENCE TABLE

Incorporation by reference

The Amendment to the 2021 Universal registration document should be read and interpreted in conjunction with the documents listed below. These documents are incorporated into this Amendment and are deemed to form an integral part thereof:

- the 2021 Universal registration document filed with the *Autorité des Marchés Financiers* (AMF – French Financial Markets Authority) on March 23, 2022 under number D. 22-0138 which includes the annual financial report, available on Compagnie de Financement Foncier's website: <https://foncier.fr/en/annual-reports/>

All documents incorporated by reference in this Amendment to the 2021 Universal registration document have been filed with the AMF and published on the websites of the Issuer (<https://foncier.fr/en/annual-reports/>) and the AMF (<https://www.amf-france.org/en>). The information incorporated by reference should be read in accordance with the following cross-reference table. Any information not included in this cross-reference table but forming part of the documents incorporated by reference is provided solely for information purposes.

Appendices I and II of European delegated Regulation 2019/980 of the European Commission supplementing European Regulation 2017/1129 of the European Parliament and of the Council

	Headings of Appendix I "Registration document for capital securities"	Page of the Amendment to the 2021 URD filed with the AMF on August 25, 2022	Page of the 2021 URD filed with the AMF on March 23, 2022
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Section 4	Information about the issuer		
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4.2	Place of registration, registration number and legal entity identifier (LEI)	112	190
4.3	Date of incorporation and the length of life	112	189; 192
4.4	Domicile, legal form, legislation under which the issuer operates, country of incorporation, address, telephone number and website	112 Back cover	188-189; 191 Back cover
Section 5	Business overview		
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5.2	Main markets	6	25-31
5.3	Important events in the development of the business	3; 75	5; 137
5.4	Strategy and objectives	2; 41; 112	4; 94; 196
5.5	Extent to which the issuer is dependent, on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	41	93; 130
5.6	Basis for any statements made by the issuer regarding its competitive position	4; 8	6-10
5.7	Investments	41	93
Section 6	Organizational structure		
6.1	Brief description of the Group	3	16-17
6.2	List of significant subsidiaries	na	na

Headings of Appendix I “Registration document for capital securities”		Page of the Amendment to the 2021 URD filed with the AMF on August 25, 2022	Page of the 2021 URD filed with the AMF on March 23, 2022
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8.4	Information regarding any restrictions on the use of capital resources that have materially affected or could materially affect operations of the issuer	na	na
8.5	Information regarding the anticipated sources of funds needed to fulfill commitments on material investments (which are ongoing or for which firm commitments have been made)	na	na
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Section 10	Trend information	3; 41; 75-76; 112	5; 94; 137; 196
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Section 13	Remuneration and benefits		
13.1	Amount of remuneration paid and benefits in kind	na	72-73
13.2	The total amounts set aside or accrued by the issuer or its subsidiaries to provide for pension, retirement or similar benefits	na	72
Section 14	Board practices		
14.1	Date of expiration of the current term of office of this person	na	52
14.2	Information about members of the administrative body’s service contracts	27	74
14.3	Information about the Issuer’s Audit Committee and Remuneration Committee	27	52-65
14.4	A statement as to whether or not the issuer complies with the corporate governance regime	na	44-47
14.5	Potential material impacts on the corporate governance	27	74
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16.2	Different voting rights of the major shareholders	112-113	190
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16.4	Arrangement, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer	112-113	196
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18.4	<i>Pro forma</i> financial information	na	na
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Cross-reference table for the half-year financial report

Pursuant to Article 212-13 of the French Financial Markets Authority's General Regulation, this Amendment to the 2021 Universal registration document comprises the information contained in the half-year financial report referred to in Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-4 of the French Financial Markets Authority's General Regulation.

Information required under Article L. 451-1-2 of the French Monetary and Financial Code	Page of the Amendment to the 2021 URD filed with the AMF on August 25, 2022	Page of the 2021 URD filed with the AMF on March 23, 2022
Annual financial report		
Consolidated financial statements	na	na
Statutory Auditors' report on the consolidated financial statements	na	na
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Management report		
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1.3 Key financial and non-financial performance indicators	4-8	6-10
1.4 Analysis of the change in results and financial position	30-33; 72-108	76-79; 134-174
1.5 Significant post-balance sheet events	41; 75; 112	94; 196
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1.8 Main risks and uncertainties	34-39	79-87; 93
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Information required under Article L. 451-1-2 of the French Monetary and Financial Code	Page of the Amendment to the 2021 URD filed with the AMF on August 25, 2022	Page of the 2021 URD filed with the AMF on March 23, 2022
Table summarizing capital increase authorizations, in accordance with Articles L. 225-129-1 and L. 225-129-2 of the French Commercial Code, and use of these authorizations in fiscal year 2017	na	73
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In accordance with Article 19 of European Regulation No. 2017/1129 of the European Parliament and of the Council of June 14, 2017, the following information is incorporated by reference in this Amendment to the 2021 Universal registration document:

■ Compagnie de Financement Foncier's individual financial statements for the fiscal year ended December 31, 2021 and the Statutory Auditors' report, presented on pages 134 to 178 of the Universal registration document filed with the AMF on March 23, 2022 under number D. 22-0138.

The information can be found using the following link: <https://foncier.fr/en/annual-reports/>;

■ Compagnie de Financement Foncier's individual financial statements for the fiscal year ended December 31, 2020 and the Statutory Auditors' report, presented on pages 138 to 179 of the Universal registration document filed with the AMF on March 23, 2021 under number D. 21-0179.

The information can be found using the following link: <https://foncier.fr/en/annual-reports/>;

■ Compagnie de Financement Foncier's individual financial statements for the fiscal year ended December 31, 2019 and the Statutory Auditors' report, presented on pages 136 to 176 of the Universal registration document filed with the AMF on March 22, 2020 under number D. 2020-0200.

The information can be found using the following link: <https://foncier.fr/en/annual-reports/> ;

■ the management report for the year ended December 31, 2021 presented on pages 76 to 94 of the Universal registration document filed with the AMF on March 23, 2022 under number D. 22-0138;

■ the management report for the year ended December 31, 2020 presented on pages 77 to 96 of the Universal registration document filed with the AMF on March 23, 2021 under number D. 21-0179; The information can be found using the following link: <https://foncier.fr/en/annual-reports/>;

■ the management report for the year ended December 31, 2019 presented on pages 79 to 96 of the Universal registration document filed with the AMF on March 27, 2020 under number D. 2020-0200;

The information can be found using the following link: <https://foncier.fr/en/annual-reports/>.

The Amendment to the 2021 Universal registration document can be consulted on the websites of the AMF (www.amf-france.org/en) and Compagnie de Financement Foncier (www.foncier.fr/en).

Contacts

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94224 Charenton-le-Pont Cedex
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Investor relations:
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The annual reports, half-year reports, quarterly reports relating to the quality of the financed assets and ECBC label reportings of Compagnie de Financement Foncier can be downloaded at www.foncier.fr/en.

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